Malcolm Baldrige
National
Quality
Award

1998

Health Care Criteria for Performance Excellence

"Increasingly, for-profit and not-for-profit health care and educational institutions, which are vital to the social and economic life of the country, are looking to adopt the same tough performance excellence standards as businesses."

"When it comes to health care and education, we all want to drive costs down and quality up. And now there is a growing recognition that the principles of the Baldrige Award criteria can help us meet these challenges as well."

William M. Daley
Secretary of Commerce

The Award, composed of two solid crystal prismatic forms, stands 14 inches tall. The crystal is held in a base of black, anodized aluminum with the Award winner's name engraved on the base. A solid bronze, 22-karat, gold-plated, die-struck medallion is captured in the front section of the crystal. The medal bears the inscriptions: "Malcolm Baldrige National Quality Award" and "The Quest for Excellence" on one side and the Presidential Seal on the other.

Awards traditionally are presented by the President of the United States at a special ceremony in Washington, D.C.

Awards are made annually to recognize U.S. companies for performance excellence. Awards may be given in each of three eligibility categories:

- Manufacturing companies
- Service companies
- Small businesses

Award recipients may publicize and advertise receipt of the Award. The recipients are expected to share information about their successful performance strategies with other U.S. organizations.

Crystal by Steuben
Medal by The Protocol Group

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A MESSAGE TO HEALTH CARE EXECUTIVES

Your organization is facing increasing quality, cost, and marketplace challenges every day. Most health care professionals believe these challenges will intensify and become even more complex. Assess your readiness to respond to these challenges by using the Baldrige Health Care Criteria for Performance Excellence.

American businesses have faced many challenges similar to yours in their performance improvement efforts to become competitive and maintain a leadership position in a global economy. In the most competitive business sectors, companies with world-class performance excellence systems and business results are able to achieve a score of 700 out of 1,000 points on the Baldrige scale. Where would your organization score? Your learnings start when you commit to a self-assessment.

Why should you self-assess?

- The assessment is tailored to your organization and its success, driven by your strategy and action plans and your focus on health care outcomes, patients, and other customers, the critical success factors for your organization. The assessment criteria provide a framework for performance excellence.
- The self-assessment will help you measure performance on a wide range of key organizational performance indicators: patient/customer, health care service and outcomes, operational, and financial. (Baldrige winners report outstanding results on a full composite of indicators.)
- Processes and results affecting all key stakeholders, including patients, staff, your community, and suppliers, are examined.
- Self-assessment allows you to identify organizational strengths and to target key opportunities for improvement that go well beyond accreditation findings, and focus on continuous and breakthrough improvement.
- Organizational communication and performance will improve, with resources aligned to achieve organizational goals.

What additional opportunities to learn does Baldrige provide?

- Once you have completed a self-assessment, know your strengths, and have prioritized your needed improvements, you can join sharing networks and arrange information exchanges. Baldrige participants have learned that industry sharing is valuable and cross-sector learning can be particularly beneficial.
- You can attend Quest for Excellence, the annual Baldrige winners sharing conference and learn from world-class companies. You also will have ample opportunity to network with others trying to improve their organizations. You will be impressed by the energy, candor, and commitment of those you meet. You will learn about the importance of change strategies, the results of focusing on the customer, and the components of operational improvement efforts — waste reduction, cycle time improvements, and productivity enhancement.
- Many state and local award programs have health care categories; you can submit your Baldrige report for external assessment and validation. State programs also provide outstanding sharing opportunities.
- Baldrige Award Examiners in your state and state/local award examiners have been trained in the Criteria and are always eager to share.

The 1998 Health Care Criteria for Performance Excellence are focused on achieving performance excellence in your organization. They will help you deal with the complexities of competition and collaboration in a changing health care environment. Why not take the challenge? Your organization will be better for it!

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Non-profit education and health care organizations are currently not eligible for the Award. However, these organizations are encouraged to self-assess against the Criteria and may be eligible for their state or local award.

We are easy to reach. Our web address is http://www.quality.nist.gov

THE MALCOLM BALDRIGE NATIONAL QUALITY AWARD: A PUBLIC-PRIVATE PARTNERSHIP

Building active partnerships in the private sector, and between the private sector and all levels of government, is fundamental to the success of the Award Program in improving national competitiveness.

Support by the private sector for the Award Program in the form of funds, volunteer efforts, and participation in information transfer continues to grow.

To ensure the continued growth and success of these partnerships, each of the following organizations plays an important role:

The Foundation for the Malcolm Baldrige National Quality Award

The Foundation for the Malcolm Baldrige National Quality Award was created to foster the success of the Program. The Foundation's main objective is to raise funds to permanently endow the Award Program.

Prominent leaders from U.S. companies serve as Foundation Trustees to ensure that the Foundation's objectives are accomplished. Donor organizations vary in size and type, and are representative of many kinds of businesses and business groups.

National Institute of Standards and Technology (NIST)

Responsibility for the Award is assigned to the Department of Commerce. NIST, an agency of the Department's Technology Administration, manages the Award Program.

NIST's goals are to provide technical leadership for the Nation's measurement and standards infrastructure, and assure the availability of needed measurement capabilities; to accelerate technological innovation and the development of new technologies that underpin future economic growth; and to foster global competitiveness of U.S. manufacturers and service businesses. Much of NIST's work involves basic and applied research in the physical sciences and engineering.

American Society for Quality (ASQ)

ASQ assists in administering the Award Program under contract to NIST.

ASQ is dedicated to the ongoing development, advancement, and promotion of quality concepts, principles, and techniques. ASQ strives to be the world's recognized champion and leading authority on all issues related to quality. ASQ recognizes that continuous quality improvement will help the favorable positioning of American goods and services in the international marketplace.

Board of Overseers

The Board of Overseers is the advisory organization on the Award to the Department of Commerce. The Board is appointed by the Secretary of Commerce and consists of distinguished leaders from all sectors of the U.S. economy.

The Board of Overseers evaluates all aspects of the Award Program, including the adequacy of the Criteria and processes for making Awards. An important part of the Board's responsibility is to assess how well the Award is serving the national interest. Accordingly, the Board makes recommendations to the Secretary of Commerce and to the Director of NIST regarding changes and improvements in the Award Program.

Board of Examiners

The Board of Examiners evaluates Award applications, prepares feedback reports, and makes Award recommendations to the Director of NIST. The Board consists of business and quality experts primarily from the private sector. Members are selected by NIST through a competitive application process. For 1998, the Board consists of about 350 members. Of these, nine (who are appointed by the Secretary of Commerce) serve as Judges, and approximately 50 serve as Senior Examiners. The remainder serve as Examiners. All members of the Board take part in an Examiner preparation course.

In addition to their application review responsibilities, Board members contribute significantly to information transfer activities. Many of these activities involve the hundreds of professional, trade, community, and state organizations to which Board members belong.

Award Recipients' Responsibilities and Contributions

Award recipients are required to share information on their successful performance and quality strategies with other U.S. organizations. However, recipients are not required to share proprietary information, even if such information was part of their Award application. The principal mechanism for sharing information is the annual Quest for Excellence Conference, highlighted on page 50.

Award recipients in the first ten years of the Award have been very generous in their commitment to improving U.S. competitiveness, and manufacturing and service quality. They have shared information with hundreds of thousands of companies, educational institutions, government agencies, health care organizations, and others. This sharing far exceeds expectations and Program requirements. Award winners' efforts have encouraged many other organizations in all sectors of the U.S. economy to undertake their own performance improvement efforts.

INTRODUCTION

The Malcolm Baldrige National Quality Award is an annual Award to recognize U.S. companies for performance excellence.

The Award promotes:

- understanding of the requirements for performance excellence and improvement; and
- sharing of information on successful performance strategies and the benefits derived from using these strategies.

Award Eligibility
The Award has three eligibility categories:

- Manufacturing companies
- Service companies
- Small businesses

For information about the Award application process, see the business 1998 Criteria for Performance Excellence and the 1998 Application Forms & Instructions. Ordering instructions are on page 49.

Since the Award's inception, only for-profit organizations have been eligible. Expansion to include all education and health care organizations is under review.

> Non-profit education and health care organizations are currently not eligible for the Award. However, these organizations are encouraged to self-assess against the Criteria and may be eligible for their state or local award.

Award Recipients' Benefits and Responsibilities:
Award recipients may publicize and advertise their Awards. Recipients are expected to share, and have generously shared, information about their successful performance strategies with other U.S. organizations.

The Foundation for the Malcolm Baldrige National Quality Award Endowment
In anticipation of the creation of Baldrige Award categories for education and health care, the Foundation has elected two Directors each from the education and health care sectors to join the six Directors from the business community. The Foundation currently is collecting pledges for a new $15 million endowment, as the private contribution to the expanded public-private partnership for support of the desired new education and health care award categories.

Health Care Criteria for Performance Excellence
The Baldrige Program uses performance excellence criteria created through a public-private partnership. The Criteria are designed not only to serve as a reliable basis for making Awards, but also to permit a diagnosis of any organization's overall performance management system. The Criteria are used by organizations of all kinds for self-assessment, planning, training, and other purposes.

1995 Education and Health Care Pilot Programs
In 1995, Baldrige Pilot Programs were conducted in education and health care. These programs were conducted strictly for learning; no awards were presented. Objectives of these Pilot Programs included:

- determining the interest and readiness of schools and health care provider organizations to participate in a national level recognition program based upon performance improvement;
- testing Pilot Criteria based upon and closely aligned with the Baldrige Criteria used for assessing business award applicants;
- determining the value of the feedback given to Pilot Program applicants; and
- determining the likely influence of the Award on: (1) sharing of best practices information; (2) cross-sector cooperation; and (3) improving overall value in the delivery of education and health care.

Based on the overall success of the Pilot Programs at the national and state levels: (1) many state award programs have added eligibility categories for education and health care; (2) new 1998 Education and Health Care Criteria have been written; and (3) legislation has been introduced in the Senate (and passed in the House of Representatives) to introduce new eligibility categories for these sectors. Current information on progress toward introducing these categories is available on the National Quality Program website: http://www.quality.nist.gov.

Contents of this Booklet
This booklet contains:

- the Health Care Criteria for Performance Excellence, a glossary of key terms, and a description of the Criteria including Core Values and Concepts and other educational information;
- Scoring Guidelines and a description of the scoring system;
- information on preparing a "Business Overview" and on responding to Criteria Item requirements; and
- a listing of educational information available from the Baldrige Program.

Acknowledgment

The financial support of the Department of Veterans Affairs, Veterans Health Administration, for the production of the 1998 Health Care Criteria for Performance Excellence is gratefully acknowledged. The Malcolm Baldrige National Quality Program and the health care community owe the Department a debt of gratitude.

1998 HEALTH CARE CRITERIA FOR PERFORMANCE EXCELLENCE — ITEM LISTING

1998 Categories/Items		Point Values
1	**Leadership**	**110**
1.1	Leadership System	80
1.2	Public Responsibility and Citizenship	30
2	**Strategic Planning**	**80**
2.1	Strategy Development Process	40
2.2	Organizational Strategy	40
3	**Focus on Patients, Other Customers, and Markets**	**80**
3.1	Patient/Customer and Health Care Market Knowledge	40
3.2	Patient/Customer Satisfaction and Relationship Enhancement	40
4	**Information and Analysis**	**80**
4.1	Selection and Use of Information and Data	25
4.2	Selection and Use of Comparative Information and Data	15
4.3	Analysis and Review of Organizational Performance	40
5	**Staff Focus**	**100**
5.1	Work Systems	40
5.2	Staff Education, Training, and Development	30
5.3	Staff Well-Being and Satisfaction	30
6	**Process Management**	**100**
6.1	Design and Delivery of Health Care	70
6.2	Management of Support Processes	30
7	**Organizational Performance Results**	**450**
7.1	Patient/Customer Satisfaction Results	100
7.2	Health Care Results	120
7.3	Financial and Market Results	80
7.4	Staff and Work System Results	50
7.5	Organization-Specific Results	100
	TOTAL POINTS	**1000**

GLOSSARY OF KEY TERMS

This Glossary of Key Terms defines and briefly describes terms used in this Criteria booklet that are important to performance management and to understanding the Health Care Criteria.

Action Plans

Action plans refer to principal organizational-level drivers, derived from short- and long-term strategic planning. In simplest terms, action plans are set to accomplish those things the organization must do well for its strategy to succeed. Action plan development represents the critical stage in planning when general strategies and goals are made specific so that effective organizationwide understanding and deployment are possible. Deployment of action plans requires analysis of overall resource needs and creation of aligned measures for all departments and work units. Deployment might also require specialized training for some staff or recruitment of personnel.

An example of an action plan element for a health system in an area with an active business alliance focusing on cost and quality of health care might be to become the low cost provider. Deployment could entail design of efficient processes to minimize length of hospital stays, analysis of resource and asset use, analysis of the most commonly encountered Diagnosis Related Groups (DRGs) and a focus on preventive health, and creation of appropriate measures to track progress on an organizationwide and work unit level. Organizational level analysis and review should emphasize overall process efficiency and cost per member. Staff training should include priority setting based upon costs and benefits. Ongoing competitive analysis and planning should remain sensitive to new diagnostic and treatment modalities and other changes that might reduce costs while improving or not compromising outcomes.

Alignment

Alignment refers to consistency of plans, processes, actions, information, and decisions among organizational units in support of key organizationwide goals.

Effective alignment requires common understanding of purposes and goals and use of complementary measures and information to enable planning, tracking, analysis, and improvement at three levels: the organizational level; the key process level; and the department and work unit level.

Customers

Customers refers to patients and other customers. Patients, as a key customer group, frequently are identified separately in the Criteria. Other customer groups could include patients' families, the community, insurers/third-party payors, employers, health care providers, patient advocacy groups, Departments of Health, and health profession students.

Cycle Time

Cycle time refers to time performance — the time required to fulfill commitments or to complete tasks.

Time measurements play a major role in the Criteria because of the great importance of time performance to improving overall performance. Cycle time is used in the Criteria booklet to refer to all aspects of time performance.

Health Care Services

Health care services refer to all services delivered by the organization that involve professional clinical/medical judgment, including those delivered to patients and those delivered to the community.

High Performance Work

High performance work refers to work approaches used to *systematically* pursue ever higher levels of overall organizational and staff performance, including quality, productivity, and time performance.

Approaches to high performance work vary in form, function, and incentive systems. Effective approaches generally include: cooperation between administration/management and the staff, including work force bargaining units; cooperation among work units, often involving teams; self-directed responsibility (sometimes called empowerment); staff input to planning; individual and organizational skill building and learning; learning from other organizations; flexibility in job design and work assignments; an organizational structure with minimum layering ("flattened"), where appropriate decision making is decentralized and decisions are made closest to the "front line"; and effective use of performance measures, including comparisons. Some high performance work systems use monetary and non-monetary incentives based upon factors such as overall performance, team and/or individual contributions, and skill building. Also, high performance work approaches usually seek to align the design of organizations, work, jobs, staff development, and incentives.

Leadership System

Leadership system refers to how leadership is exercised, formally and informally, throughout the organization — the basis for and the way that key decisions are made, communicated, and carried out. It includes structures and

mechanisms for decision making, selection and development of leaders and managers, and reinforcing values, practices, and behaviors.

An effective leadership system creates clear values respecting the capabilities and requirements of staff and other organizational stakeholders and sets high expectations for performance and performance improvement. It builds loyalties and teamwork based upon the values and the pursuit of shared purposes. It encourages and supports initiative (when appropriate), subordinates organization to purpose and function, and avoids chains of command that require long decision paths. An effective leadership system includes mechanisms for the leaders' self-examination, receipt of feedback, and improvement.

In health care organizations with separate administrative/operational and health care provider leadership, the relationship between them is critical to establishing an effective leadership system.

Measures and Indicators

Measures and indicators refer to numerical information that quantifies (measures) input, output, and performance dimensions of processes, services, and the overall organization (outcomes). The Health Care Criteria place particular focus on measures of health care outcomes, health care service delivery, and functional status. Measures and indicators might be simple (derived from one measurement) or composite.

The Criteria do not make a distinction between measures and indicators. However, some users of these terms prefer the term indicator: (1) when the measurement relates to performance, but is not a direct or exclusive measure of such performance (For example, the number of complaints is an indicator of dissatisfaction, but not a direct or exclusive measure of it.); and (2) when the measurement is a predictor ("leading indicator") of some more significant performance (For example, a gain in patient satisfaction might be a leading indicator of a gain in HMO member retention.)

Patient

Patient refers to the person receiving health care, including preventive, promotion, acute, chronic, rehabilitative, and all other services in the continuum of care. Other terms organizations use for patient include member, consumer, client, or resident.

Performance

Performance refers to output results information obtained from processes and services that permits evaluation and comparison relative to goals, standards, past results, and other organizations. Performance might be expressed in non-financial and financial terms.

Four types of performance are addressed in this Criteria booklet: (1) health care; (2) operational and staff; (3) patient/customer-related; and (4) financial and marketplace.

Health care performance refers to performance relative to measures and indicators of health care outcomes, health care service delivery, and functional status. Examples include reductions in hospital admission rates, mortality and morbidity rates, nosocomial infection rates, and length of stay, and increases in outside the hospital treatment of chronic illnesses, lifestyle changes, and patient compliance and adherence. Health care performance might be measured at the organizational level and at the DRG-specific level.

Operational and staff performance refers to performance relative to effectiveness and efficiency measures and indicators. Examples include cycle time, productivity, waste reduction, supplier performance, accreditation results, and legal/regulatory compliance. Operational performance might be measured at the work unit/department level, the key process level, and the organizational level.

Patient and other customer-related performance refers to performance relative to measures and indicators of patients'/customers' perceptions, reactions, and behaviors. Examples include patient loyalty, customer retention, complaints, and customer survey results. Customer-related performance generally relates to the organization as a whole.

Financial and marketplace performance refers to performance using measures of cost and revenue, including asset utilization, value added per staff member, debt to equity ratio, and market share. Financial measures are generally tracked throughout the organization and also are aggregated to give organization-level, composite measures of performance. Examples include returns on investments, bond ratings, operating margins, and other profitability and liquidity measures.

Process

Process refers to linked activities with the purpose of producing a product or service for a customer (user) within or outside the organization. Generally, processes involve combinations of people, machines, tools, techniques, and materials in a systematic series of steps or actions. In some situations, processes might require adherence to a specific sequence of steps, with documentation (sometimes formal) of procedures and requirements, including well-defined measurement and control steps.

In many service situations, particularly when customers are directly involved in the service, process is used in a more general way — to spell out what must be done, possibly including a preferred or expected sequence. If a sequence is critical, the service needs to include information to help customers understand and follow the sequence. Service processes involving customers also require guidance to the providers on handling contingencies related to customers' likely or possible actions or behaviors.

In knowledge work such as health care, strategic planning, research, development, and analysis, process does not necessarily imply formal sequences of steps. Rather, process implies general understandings regarding competent performance, such as timing, options to be considered, evaluation, and reporting. Sequences might arise as part of these understandings.

Productivity

Productivity refers to measures of efficiency of the use of resources. Although the term is often applied to single factors such as staffing (labor productivity), machines, materials, energy, and capital, the productivity concept applies as well to the total resources used in producing outputs. Overall productivity — sometimes called total factor productivity — is determined by combining the productivities of the different resources used for an output. The combination usually requires taking a weighted average of the different single factor productivity measures, where the weights typically reflect costs of the resources. The use of an aggregate measure of overall productivity allows a determination of whether or not the net effect of overall changes in a process — possibly involving resource tradeoffs — is beneficial.

Effective approaches to performance management require understanding and measuring single factor and overall productivity, particularly in complex cases when there are a variety of costs and potential benefits.

Staff

Staff refers to all people who contribute to the delivery of the organization's services, including paid staff (e.g., permanent, part-time, temporary, and contract employees supervised by the organization), independent practitioners (e.g., physicians, physician assistants, nurse practitioners, acupuncturists, and nutritionists not paid by the organization), volunteers, and health profession students (e.g., medical, nursing, and ancillary).

1 Leadership (*110 pts.*)

The ***Leadership*** Category examines the organization's leadership system and senior leaders' personal leadership. It examines how senior leaders and the leadership system address values, organizational directions, performance expectations, a focus on patients and other stakeholders, learning, and innovation. Also examined is how the organization addresses its societal responsibilities and provides support to key communities.

1.1 Leadership System *(80 pts.)*

Approach – Deployment

Describe the organization's leadership system and how senior leaders guide the organization in setting directions and in developing and sustaining effective leadership throughout the organization.

In your response, address the following Area:

a. Leadership System

Describe the organization's leadership system, how senior leaders provide effective leadership, and how this leadership is exercised throughout the organization, taking into account the needs and expectations of all key stakeholders. Include:

(1) a description of the organization's leadership system and how it operates. Include how it addresses values, performance expectations, a focus on patients and other stakeholders, learning, and innovation; and

(2) how senior leaders:

- set and communicate organizational directions and seek future opportunities for the organization, taking into account all key stakeholders;
- communicate and reinforce values, performance expectations, a focus on patients and other stakeholders, learning, and innovation;
- participate in and use the results of performance reviews; and
- evaluate and improve the leadership system, including how they use their review of the organization's performance and staff feedback in the evaluation.

Notes:

N1. Senior leaders include the head of the organization and his or her direct reports. In health care organizations with separate administrative/operational and health care provider leadership, senior leaders refers to both sets of leaders and the relationships among those leaders to create a leadership system.

N2. Organizational performance reviews are addressed in Item 4.3. Responses to 1.1a(2) should therefore focus on the senior leaders' roles in and uses of the review of overall organizational performance (clinical and administrative/operational), not on the details of the review.

For additional description of this Item, see page 24.

1.2 Public Responsibility and Citizenship *(30 pts.)*

Approach – Deployment

Describe how the organization addresses its responsibilities to the public, how the organization practices good citizenship, and how it contributes to the health of its community.

In your response, address the following Areas:

a. Societal Responsibilities

How the organization addresses current and potential impacts on society of its services and operations. Include:

(1) key practices, measures, and targets for regulatory, legal, and ethical requirements and for risks associated with managing health care and other organizational operations; and

(2) how the organization anticipates public concerns with current and future services and operations, and addresses these concerns in a proactive manner.

b. Support of Key Communities and Community Health

How the organization, its senior leaders, and its staff support and strengthen their key communities, including actions to build community health.

Notes:

N1. Public responsibilities in areas critical to the organization also should be addressed in Strategy Development Process (Item 2.1) and in Process Management (Category 6). Key results, such as results of regulatory/legal compliance (including malpractice) and accreditation, should be reported as Organization-Specific Results (Item 7.5).

N2. Ethical requirements [1. 2a(1)] include business, professional, and patient rights issues. They also include public accountability and disclosure of information about organizational health care performance.

N3. In addition to actions to build community health, areas of community support appropriate for 1.2b might include efforts by the organization to strengthen local community services, education, the environment, and practices of professional and business associations.

N4. Actions to build community health (1.2b) are population-based services supporting the general health of the community served. Such services might include health education programs, immunization programs, unique health services provided at a financial loss, population screening programs (e.g., hypertension), safety program sponsorship, and indigent care. Results of community health services may be reported in Items 7.2 and/or 7.5.

N5. Health and safety of staff are not addressed in Item 1.2; they are addressed in Item 5.3.

For additional description of this Item, see page 24.

2 Strategic Planning (80 pts.)

The ***Strategic Planning*** Category examines how the organization sets strategic directions, and how it develops the critical strategies and action plans to support the directions. Also examined are how plans are deployed and how performance is tracked.

2.1 Strategy Development Process (40 pts.)

Approach – Deployment

Describe how the organization sets strategic directions to strengthen its performance as a health care provider and its performance relative to other organizations providing similar health care services.

In your response, address the following Area:

a. Strategy Development Process

Provide a brief description or diagram of the strategy development process. Include how the organization takes the following factors into account:

(1) customers; health care market requirements, including cost; customer and health care market expectations; and new opportunities;

(2) the competitive environment and/or the collaborative environment to conserve community resources;

(3) risks: financial, regulatory, and societal;

(4) staff capabilities and needs;

(5) organizational capabilities — technology and technology management, research and development, innovation, and business processes — to seek or create new opportunities and/or to prepare for key new requirements; and

(6) supplier and/or partner capabilities, including capabilities and roles of any health care provider alliances.

Notes:

N1. The strategy development process refers to the organization's approach, formal or informal, to a future-oriented basis for making or guiding health care service and business decisions, resource allocations, and organizationwide management. This process might use models, health care market forecasts, scenarios, analyses, business intelligence, and/or key customer requirements and plans.

N2. Performance as a health care provider encompasses all significant processes of the organization (e.g., patient care, clinical, regulatory compliance and accreditation, finance and accounting, community health services, and research and teaching).

N3. Strategy should be interpreted broadly. It might include any or all of the following: new health care services and/or delivery processes; new markets; revenue growth; cost reduction; and new partnerships and alliances. Organizational strategy might be directed toward making the organization a preferred provider, a research leader, or an integrated service provider. Strategy might depend upon many different kinds of capabilities, including access and locations, rapid response, relationships, technology introduction and management, business process excellence, and information management. Responses to Item 2.1 should address the factors from the point of view of the organization, how it plans to operate, and the capabilities most critical to its performance.

N4. Item 2.1 addresses overall organizational directions and strategy, including changes in health care services and programs. However, the Item does not address service and program design; these are addressed in Item 6.1.

For additional description of this Item, see page 25.

2.2 Organizational Strategy *(40 pts.)*

Approach – Deployment

Summarize the organization's strategy and action plans, how they are deployed, and how performance is tracked. Include key performance requirements and measures, and an outline of related staffing plans. Estimate how the organization's performance projects into the future relative to other organizations providing similar health care services and/or key benchmarks.

In your response, address the following Areas:

a. Strategy and Action Plans

Provide a summary of the action plans and related staffing plans derived from the organization's overall strategy. Briefly explain how critical action plan requirements, including staffing plans, key processes, performance measures and/or indicators, and resources are aligned and deployed. Describe how performance relative to plans is tracked. Note any important differences between short-and longer-term plans and the reasons for the differences.

b. Performance Projection

Provide a two-to-five year projection of key measures and/or indicators of performance based on the likely changes resulting from the organization's action plans. Include appropriate comparisons with other organizations providing similar health care services, competitors, and/or key benchmarks. Briefly explain the comparisons, including any estimates or assumptions made in projecting changes in the organization's health care marketplace, similar health care provider and competitor performance, and/or benchmark data.

Notes:

N1. The development and implementation of organizational strategy and action plans are closely linked to other Items in the Criteria and to the overall performance excellence framework as indicated on page 45. Specific linkages include:

- *Item 1.1 and how senior leaders set and communicate organizational directions;*
- *Category 3 for gathering patient/customer and market knowledge as input to strategy and action plans, and for implementing action plans for building and enhancing relationships;*
- *Category 4 for information and analysis to support development of organizational strategy and track progress relative to strategies and action plans;*
- *Items 5.1 and 5.2 for work system and staff education, training, and development needs resulting from the organization's action plans and related staffing plans;*
- *Category 6 for process requirements resulting from the organization's action plans.*

N2. Projected measures and/or indicators of performance (2.2b) also might include changes resulting from new ventures, new value creation, major health care market shifts, and/or significant anticipated innovations in technology and/or health care service delivery.

For additional description of this Item, see pages 25-26.

3 Focus on Patients, Other Customers, and Markets (80 pts.)

The ***Focus on Patients, Other Customers, and Markets*** Category examines how the organization determines requirements, expectations, and preferences of patients, other customers, and markets. Also examined is how the organization builds relationships with patients/customers and determines their satisfaction.

3.1 Patient/Customer and Health Care Market Knowledge (40 pts.)

Approach – Deployment

Describe how the organization determines longer-term requirements, expectations, and preferences of target and/or potential patients and other customers, and of markets. Describe also how the organization uses this information to understand and anticipate needs and to develop health care service opportunities.

In your response, address the following Area:

a. Patient/Customer and Health Care Market Knowledge

Provide a brief description of how the organization learns from its former, current, and potential patients, other customers, and markets to support the organization's health care service needs and to seek market opportunities. Include:

(1) how patient and other customer groups, and/or health care market segments are determined or selected, including the consideration of customers of competitors, other potential customers, and future markets. Describe how the approaches to listening and learning vary for different groups;

(2) how the organization determines and/or projects key health care service features, their relative importance/value to customers, and new service or market opportunities. Describe how key information from former and current customers and markets, including customer retention and complaint information, is used in this determination; and

(3) how the organization's approach to listening to and learning from customers, potential customers, and health care markets is evaluated, improved, and kept current with changing health care service needs and strategies.

Notes:

N1. Patients, as a key customer group, are frequently identified separately in the Criteria. Other customer groups could include patients' families, the community, insurers/third-party payors, employers, health care providers, patient advocacy groups, Departments of Health, and students. Generic references to customers include patients.

N2. Health care service features [3.1a(2)] refer to all important characteristics of the services that patients and other customers receive. The focus should be primarily on features that bear upon customer preference, repurchase loyalty, and view of clinical and service quality — for example, those features that enhance or differentiate, in the eyes of the customer, the organization's services from other providers offering similar services. Beyond specific health care provision, these features might include extended hours, family support services, cost, assistance with billing/paperwork processes, and transportation assistance.

N3. The determination of health care service features and their relative importance [3.1a(2)] should take into account the potentially differing expectations of patients and other customers.

N4. Information about customers and health care markets is requested as key input to strategic planning (Item 2.1). However, strategic plans could also result in a need for new or additional customer and market information, and/or new customers and segments from which to gather information.

For additional description of this Item, see pages 26-27.

3.2 Patient/Customer Satisfaction and Relationship Enhancement *(40 pts.)*

Approach – Deployment

Describe how the organization determines and enhances the satisfaction of its patients and other customers to build relationships, to improve current service offerings, and to support customer- and health care market-related planning.

In your response, address the following Areas:

a. Accessibility and Complaint Management

How the organization provides access and information to enable patients and other customers to seek assistance, to obtain services, and to voice complaints. Include:

(1) how the organization determines patient and other customer contact requirements, deploys the requirements to all staff who are involved in meeting the requirements, and evaluates and improves patient and other customer contact performance; and

(2) a description of the organization's complaint management process. Explain how the organization ensures that complaints are resolved effectively and promptly, and that complaints received by all organizational units are aggregated and analyzed for use throughout the organization.

b. Patient/Customer Satisfaction Determination

How the organization determines patient and other customer satisfaction and dissatisfaction. Include:

(1) a brief description of processes, measurements, and data used to determine patient and other customer satisfaction and dissatisfaction. Describe how the measurements capture actionable information that reflects customers' future interactions with the organization, provider loyalty, and/or positive referrals. Indicate significant differences, if any, in methods and/or measurement scales for different customer groups or health care market segments;

(2) how the organization follows up with patients and other customers on recently delivered health care services and recent transactions to receive prompt and actionable feedback. Include how the organization obtains information on patient satisfaction with health care outcomes relative to patient expectations; and

(3) how the organization obtains objective and reliable information on patient/customer satisfaction relative to the organization's competitors and other organizations delivering similar health care services.

c. Relationship Building

Describe:

(1) how the organization builds provider loyalty, positive referrals, and relationships with its patients/customers. Indicate significant differences, if any, for different customer groups or health care market segments.

(2) how the organization's processes for providing access, determining patient/customer satisfaction, and building relationships are evaluated, improved, and kept current with changing health care service needs and strategies.

Notes:

N1. Patient/customer satisfaction and dissatisfaction determination (3.2b) might include any or all of the following: surveys, formal and informal feedback from patients/customers, use of patient/customer account data, and complaints.

N2. Patient/customer satisfaction measurements might include both a numerical rating scale and descriptors for each unit in the scale. Effective (actionable) patient/customer satisfaction measurement provides reliable information about patient/customer ratings of specific service and relationship features, the linkage between these ratings, and the patient's/customer's likely future actions — choice of health care provider and/or positive referrals. Service features might include overall value and costs.

N3. Customer relationships (3.2c) might include the development of partnerships or alliances.

N4. Patient/customer satisfaction and dissatisfaction results should be reported in Item 7.1. Information on operational measures that contribute to satisfaction or dissatisfaction should be reported in Items 7.2 or 7.5, as appropriate. For example, information on trends and levels in measures and/or indicators of complaint handling effectiveness such as complaint response time, effective resolution, and percent of complaints resolved on first contact should be reported in Item 7.5.

For additional description of this Item, see page 27.

4 Information and Analysis (*80 pts.*)

The ***Information and Analysis*** Category examines the selection, management, and effectiveness of use of information and data to support key organizational processes and action plans, and the organization's performance management system.

4.1 Selection and Use of Information and Data *(25 pts.)*

Approach – Deployment

Describe the organization's selection, management, and use of information and data needed to support key organizational processes and action plans, and to improve performance as a health care provider.

In your response, address the following Area:

a. Selection and Use of Information and Data

Describe:

(1) the main types of information and data — clinical, financial, and non-financial — and how each type relates to key organizational processes and action plans;

(2) how the information and data are deployed to users to support the effective management and evaluation of key organizational processes;

(3) how key user requirements, including rapid access, confidentiality, and ongoing reliability, are met; and

(4) how information and data, their deployment, and effectiveness of use are evaluated, improved, and kept current with changing health care service needs and strategies.

Notes:

N1. Users [4.1a(2,3)] refers to people inside and outside the organization who have access to information and data — staff, patients and other customers, suppliers, and partners, as appropriate.

N2. Deployment of information and data might be via electronic or other means. Reliability [4.1a(3)] includes reliability of software and delivery systems.

For additional description of this Item, see page 28.

4.2 Selection and Use of Comparative Information and Data *(15 pts.)*

Approach – Deployment

Describe the organization's selection, management, and use of comparative information and data to improve overall performance and performance relative to competitors and other organizations providing similar health care services.

In your response, address the following Area:

a. Selection and Use of Comparative Information and Data

Describe:

(1) how needs and priorities for comparative information and data are determined, taking into account key organizational processes, action plans, and opportunities for improvement;

(2) the organization's criteria and methods for seeking sources of appropriate comparative information and data — from within and outside the health care industry and the organization's markets;

(3) how comparative information and data are deployed to all potential users and used to set stretch targets and/or to stimulate innovation; and

(4) how comparative information and data, their deployment, and effectiveness of use are evaluated and improved. Describe also how priorities and criteria for selecting benchmarks and comparisons are kept current with changing health care service needs and strategies.

Note:

Comparative information and data include benchmarking and competitive comparisons. Benchmarking refers to processes and results that represent best practices and performance for similar activities, inside or outside the health care industry. Competitive comparisons refer to performance relative to competitors and to other organizations providing similar health care services. These data might be drawn from local or national sources.

For additional description of this Item, see page 28.

4.3 Analysis and Review of Organizational Performance *(40 pts.)*

Approach – Deployment

Describe how the organization analyzes and reviews overall clinical and administrative/operational performance to assess progress relative to plans and goals and to identify key opportunities for improvement.

In your response, address the following Areas:

a. Analysis of Data

How performance data from all parts of the organization are integrated and analyzed to assess overall organizational performance in key areas. Describe how the principal clinical, financial, and non-financial measures are integrated and analyzed to determine:

(1) patient and other customer-related performance;

(2) health care outcomes performance;

(3) operational performance, including staff performance and health care service performance;

(4) performance relative to competitors and other organizations providing similar health care services; and

(5) financial and health care market-related performance.

b. Review of Organizational Performance

Describe:

(1) how organizational performance and capabilities are reviewed to assess progress relative to action plans, goals, and changing health care service needs. Describe the performance measures regularly reviewed by the organization's senior leaders; and

(2) how review findings are translated into priorities for improvement, decisions on resource allocation, and opportunities for innovation. Describe also how these findings are deployed throughout the organization and, as appropriate, to the organization's suppliers and/or partners.

Notes:

N1. Analysis includes trends, projections, comparisons, and cause-effect correlations intended to support the setting of priorities for resource use. Accordingly, analysis draws upon all types of data: patient/customer-related, health care outcomes, operational, competitive, financial, and market.

N2. Performance results should be reported in Items 7.1, 7.2, 7.3, 7.4, and 7.5.

For additional description of this Item, see pages 28-29.

5 Staff Focus (*100 pts.*)

The ***Staff Focus*** Category examines how the organization enables all staff to develop and utilize their full potential, aligned with the organization's objectives. Also examined are the organization's efforts to build and maintain a work environment and work climate conducive to performance excellence, full participation, and personal and organizational growth.

5.1 Work Systems *(40 pts.)*

Approach – Deployment

Describe how all staff contribute to achieving the organization's performance and learning objectives through the organization's work design, and compensation and recognition approaches.

In your response, address the following Areas:

a. Work Design

How work and jobs are designed and how staff, including all managers and supervisors, contribute to ensure:

(1) design, management, and improvement of organizational work processes that support organizational action plans and related staffing plans. Include how work processes are designed and managed to encourage individual initiative and self-directed responsibility;

(2) communication, cooperation, and knowledge and skill sharing across work functions, units, and locations;

(3) flexibility, rapid response, and learning in addressing current and changing patient/customer, operational, and health care service requirements.

b. Compensation and Recognition

How the organization's compensation and recognition approaches for individuals and groups, including all managers and supervisors, reinforce overall organizational objectives for patient/customer satisfaction, performance improvement, and staff and organizational learning. Describe significant differences, if any, among different categories or types of staff.

Notes:

N1. For purposes of the Criteria, the organization's staff includes all people who contribute to the delivery of the organization's services, including paid staff (e.g., permanent, part-time, temporary, and contract employees supervised by the organization), independent practitioners (e.g., physicians, physician assistants, nurse practitioners, acupuncturists, and nutritionists not paid by the organization), volunteers, and health profession students (e.g., medical, nursing, and ancillary). Any contract employees supervised by the contractor should be addressed in 6.2b.

N2. Work design refers to how staff are organized and/or organize themselves in formal and informal, temporary, or longer-term units. This includes work teams, process teams, patient/customer action teams, problem-solving teams, centers of excellence, functional units, cross-functional teams, and departments — self-managed or managed by supervisors.

Job design refers to responsibilities, authorities, and tasks of individuals. In some work systems, jobs might be shared by a team based upon cross-training.

N3. Compensation and recognition refer to all aspects of pay and reward, including promotions and bonuses, that might be based upon performance, skills acquired, and other factors. This includes monetary and non-monetary, formal and informal, and individual and group compensation and recognition. Recognition systems for volunteers and independent practitioners who contribute to the work of the organization should be included, as appropriate.

For additional description of this Item, see page 30.

5.2 Staff Education, Training, and Development *(30 pts.)*

Approach – Deployment

Describe how the organization's education and training support the accomplishment of key organizational action plans and address organizational needs, including building knowledge, skills, and capabilities, and contributing to improved staff performance and development.

In your response, address the following Area:

a. Staff Education, Training, and Development

Describe:

(1) how education and training support the organization's key action plans and address organizational needs, including licensure and recredentialing requirements and longer-term objectives for staff development and learning, and for leadership development of staff members;

(2) how education and training are designed to support the organization's work systems. Include how the organization seeks input from all staff and their supervisors/managers in education and training design;

(3) how education and training, including orientation of new staff, are delivered;

(4) how knowledge and skills are reinforced on the job; and

(5) how education and training are evaluated and improved, taking into account organizational and staff performance, staff development and learning objectives, leadership development, and other factors, as appropriate.

Notes:

N1. Education and training delivery [5.2a(3)] might occur inside or outside the organization and involve on-the-job, classroom, computer-based, distance education, or other types of delivery.

N2. Other factors [5.2a(5)] might include: effectiveness of incentives in promoting skill building; benefits and costs of education and training; most effective means and timing for training delivery; and effectiveness of cross-training.

For additional description of this Item, see pages 30-31.

5.3 Staff Well-Being and Satisfaction *(30 pts.)*

Approach – Deployment

Describe how the organization maintains a work environment and work climate that support the well-being, satisfaction, and motivation of all staff.

In your response, address the following Areas:

a. Work Environment

How the organization maintains a safe and healthful work environment. Describe how health, safety, and ergonomics are addressed in improvement activities. Briefly describe key measures and targets for each of these environmental factors and how staff members take part in establishing these measures and targets. Note significant differences, if any, based upon different work environments for staff units and functions.

b. Work Climate

How the organization builds and enhances its work climate for the well-being, satisfaction, and motivation of all staff. Include:

(1) organizational services, benefits, and actions to support the staff; and

(2) a brief summary of how senior leaders, managers, and supervisors encourage and motivate staff to develop and utilize their full potential.

c. Staff Satisfaction

How the organization assesses the work environment and work climate. Include:

(1) a brief description of formal and/or informal methods and measures used to determine the key factors that affect staff well-being, satisfaction, and motivation. Note important differences in methods, factors, or measures for different categories or types of staff, as appropriate; and

(2) how the organization relates staff well-being, satisfaction, and motivation results to key organizational performance results and/or objectives to identify improvement priorities.

Notes:

N1. Approaches for supporting and enhancing staff well-being, satisfaction, and motivation [5.3b(1)] might include: counseling; career development and employability services; recreational or cultural activities; non-work-related education; day care; job sharing; special leave for family responsibilities and/or for community service; safety off the job; flexible work hours; outplacement; and retiree benefits, including extended health care.

N2. Specific factors that might affect well-being, satisfaction, and motivation [5.3c(1)] include: effective staff problem or grievance resolution; safety factors; staff views of management; staff training, development, and career opportunities; staff preparation for changes in technology or work organization; work environment and other work conditions; work load; cooperation and teamwork; recognition; benefits; communications; job security; compensation; equal opportunity; and capability to provide required services to patients/customers.

N3. Measures and/or indicators of well-being, satisfaction, and motivation (5.3c) might include safety, absenteeism, turnover, turnover rate for patient/customer contact staff, grievances, strikes, other job actions, and worker's compensation claims, as well as results of surveys. Results relative to such measures and/or indicators should be reported in Item 7.4.

For additional description of this Item, see page 31.

6 Process Management (*100 pts.*)

The ***Process Management*** Category examines the key aspects of process management, including patient/customer-focused design, health care service delivery, support, and supplier and partnering processes involving all departments and work units. The Category examines how key processes are designed, implemented, managed, and improved to achieve better performance.

6.1 Design and Delivery of Health Care *(70 pts.)*

Approach – Deployment

Describe how health care services are designed, implemented, and improved. Describe also how health care service delivery processes are designed, implemented, managed, and improved.

In your response, address the following Areas:

a. Health Care Service Design Processes

How new, modified, and patient-specific health care services, and health care service delivery processes are designed and implemented. Include:

(1) how decisions are made to launch new or significantly modified health care services; include how financial considerations are factored into decision making;

(2) how changing patient/customer and health care market requirements, and changing technology are incorporated into health care service designs;

(3) how health care service delivery processes are designed to meet patient, quality, and operational performance requirements, including regulatory requirements;

(4) how design and delivery processes are coordinated and tested to ensure trouble-free and timely introduction and delivery of services; and

(5) how health care service design processes are evaluated and improved to achieve better performance, including improvements to the services, improved health care outcomes, transfer of learning to other processes and organizational units, and reduced cycle time, as appropriate.

b. Health Care Service Delivery Processes

How the organization's key health care service delivery processes are managed and improved. Include:

(1) a description of the key health care service delivery processes and their principal requirements;

(2) how the processes are managed to maintain process performance and to ensure health care services will meet patient/customer and operational requirements, including regulatory and payor requirements. Include a description of key in-process measurements/assessments and patient interactions, and how the organization ensures that results are available to appropriate staff;

(3) how patients' expectations are addressed and considered. Include how health care service delivery and likely outcomes are explained to set realistic patient expectations, and how patient decision making and preferences are factored into the delivery of health care services; and

(4) how health care service delivery processes are evaluated and improved to achieve better performance, including improvements to the services, improved health care outcomes, transfer of learning to other processes and organizational units, and reduced cycle time, as appropriate.

Notes:

N1. Health care service processes refer to patient and community service processes for the purposes of prevention, maintenance, health promotion, screening, diagnosis, treatment/therapy, rehabilitation, and recovery. This includes services delivered to patients through other providers (e.g., laboratory or radiology studies). Responses to Item 6.1 should address the most critical requirements for successful delivery of services.

N2. Key processes for the conduct of health care research and/or a teaching mission should be reported in Item 6.1 or 6.2, as appropriate to the organization's mission.

N3. Design requirements should include all appropriate stages of health care service delivery. In a group practice, this might be making the appointment, presentation, evaluation of risk factors, health education, and appointment closures. Depending upon the health care service, this might include a significant focus on technology and/or patient-specific considerations.

N4. Responses to 6.1a(1) and (2) should include how patients/customers are involved in design, as appropriate.

N5. Responses to 6.1a(4) should include key partner and supplier participation, as appropriate.

N6. Process evaluation and improvement [6.1a(5) and 6.1b(4)] could include process analysis, research and development results, technology management, benchmarking, use of alternative technology, and information from patients and other internal and external customers.

N7. Results of improvements in health care outcomes and in design and delivery processes should be reported in Items 7.2 and 7.5, respectively.

For additional description of this Item, see pages 31-32.

6.2 Management of Support Processes *(30 pts.)*

Approach – Deployment

Describe how the organization's key support and supplier/partnering processes are designed, implemented, managed, and improved.

In your response, address the following Areas:

a. Support Processes

How key support processes are designed, implemented, managed, and improved so that current and future requirements are met and health care services are well supported. Include:

(1) how key requirements are determined or set, incorporating input from internal and external customers, including patients, as appropriate;

(2) how key support processes are designed and implemented to meet customer, quality, and operational performance requirements;

(3) a description of the key support processes and their principal requirements;

(4) how the processes are managed to maintain process performance and to ensure results will meet patient/customer and operational requirements. Include a description of key in-process measurements and/or customer information gathering, as appropriate; and

(5) how the processes are evaluated and improved to achieve better performance, including transfer of learning to other processes and organizational units, and reduced cycle time.

b. Supplier and Partnering Processes

How the organization's supplier and partnering processes and relationships are designed, implemented, managed, and improved. Also, how supplier and partner performance is managed and improved to ensure that materials, instrumentation and devices, and services furnished by others meet the organization's needs. Include:

(1) how supplier and partnering processes are designed and implemented to meet overall performance requirements and to help suppliers and partners meet these requirements. Include a brief summary of the principal performance requirements for key suppliers and partners, and describe how partners and preferred suppliers are selected, as appropriate.

(2) how the organization ensures that its performance requirements are met. Describe how suppliers' and partners' performance is evaluated, including key measures, expected performance levels, any incentive systems used, and how performance information is fed back to suppliers and partners; and

(3) how the organization evaluates and improves its management of supplier and partnering processes. Summarize current actions and plans to improve suppliers' and partners' abilities to contribute to achieving your organization's performance goals. Include actions to minimize costs associated with inspection, testing, or performance audits; and actions to enhance supplier and partner knowledge of your organization's current and longer-term needs and their ability to respond to those needs.

Notes:

N1. The purpose of Item 6.2 is to permit organizations to highlight separately the processes that support health care service design and delivery processes addressed in Item 6.1. The support processes included in Item 6.2 depend on the organization's mission and how it operates, but should include key patient support processes (e.g., housekeeping, medical records), and key business and administrative processes (e.g., finance, contracting). Together, Items 6.1 and 6.2 should cover all key operations, processes, and activities of all departments.

N2. Process evaluation and improvement [6.2a(5)] could include process analysis and research, benchmarking, use of alternative technology, and information from internal and external customers. Information from external customers could include information described in Items 3.2 and 4.3.

N3. Depending on the structure of the health care staff, the response to 6.2b might deal with some aspects of health care provider services, if there is a customer-supplier relationship. Health care staff should still be addressed in Item 1.1 and Category 5.

N4. In 6.2b(1), key suppliers and partners are those selected on the basis of volume of business or criticality of their supplied products and/or services; preferred suppliers and partners are those selected on the basis of performance criteria.

N5. Results of improvements in key support processes, performance of key support processes, and key supplier and partner performance should be reported in Item 7.5.

For additional description of this Item, see pages 32-33.

7 Organizational Performance Results *(450 pts.)*

The ***Organizational Performance Results*** Category examines the organization's performance and improvement in key areas — patient/customer satisfaction, health care provision, financial and health care marketplace performance, staff and work system results, and operational performance. Also examined are performance levels relative to competitors and organizations delivering similar health care services.

7.1 Patient/Customer Satisfaction Results *(100 pts.)*

Results

Summarize the organization's patient and other customer satisfaction and dissatisfaction results.

In your response, address the following Area:

a. Patient/Customer Satisfaction Results

Summarize current levels and trends in key measures and/or indicators of patient and other customer satisfaction and dissatisfaction, including satisfaction relative to competitors and other organizations delivering similar health care services. Address different customer groups and market segments, as appropriate.

Notes:

N1. Patient/Customer satisfaction and dissatisfaction results reported in this Item derive from determination methods described in Item 3.2.

N2. There may be several different dimensions of patient satisfaction, such as satisfaction with quality of care, satisfaction with provider interaction, satisfaction with the long-term health outcome, and satisfaction with ancillary services. All of these areas are appropriate satisfaction indicators.

N3. Measures and/or indicators of satisfaction and satisfaction relative to competitors or other organizations delivering similar health care services might include information on patient/customer-perceived value and objective information and data from customers and independent organizations. Comparative performance on health care outcomes and operational performance measures that serve as indicators of customer satisfaction should be addressed in Items 7.2 and 7.5, respectively.

For additional description of this Item, see page 33.

7.2 Health Care Results *(120 pts.)*

Results

Summarize the organization's key patient health care results.

In your response, address the following Area:

a. Health Care Results

Summarize current levels and trends in key measures and/or indicators of health care outcomes, health care service delivery results, and functional status. Include appropriate comparative data for other organizations providing similar health care services.

Notes:

N1. Results reported in Item 7.2 should reflect health care service delivery performance and should relate closely to patient satisfaction and to standards of good practice. Performance requirements should be determined by factors in the organization's "Business Overview" and should be responsive to Items 3.1 and 6.1.

N2. Comparative data might include data from similar organizations and health care industry benchmarks. Such data might be derived from surveys, published and public studies, participation in indicator programs, or other sources.

For additional description of this Item, see page 33.

7.3 Financial and Market Results *(80 pts.)*

Results

Summarize the organization's key financial and health care marketplace performance results.

In your response, address the following Area:

a. Financial and Market Results

Provide results of:

(1) financial performance, including aggregate measures of financial return and/or economic value, as appropriate; and

(2) health care marketplace performance, including market share/position, business growth, and new markets entered, as appropriate.

For all quantitative measures and/or indicators of performance, provide current levels and trends. Include appropriate comparative data.

Note:

Aggregate measures such as return on investment (ROI), asset utilization, operating margins, profitability (if relevant), liquidity, debt to equity ratio, value added per staff member, bond ratings (if appropriate), and financial activity measures are appropriate for responding to 7.3a(1).

For additional description of this Item, see pages 33-34.

7.4 Staff and Work System Results *(50 pts.)*

Results

Summarize the organization's staff and work system results, including staff well-being, satisfaction, and development, and work system performance.

In your response, address the following Area:

a. Staff and Work System Results

Summarize current levels and trends in key measures and/or indicators of staff well-being, satisfaction, and development, work system performance, and effectiveness. Address all categories and types of staff, as appropriate. Include appropriate comparative data.

Notes:

N1. The results reported in this Item should address results from activities described in Category 5. The results should be responsive to key process needs described in Category 6, and the organizational action plans and related staffing plans described in Item 2.2.

N2. For appropriate measures of staff well-being and satisfaction, see notes to Item 5.3. Appropriate measures and/or indicators of staff development and effectiveness might include innovation and suggestion rates, courses completed, learning, on-the-job performance improvements, credentialing, and cross-training.

N3. Appropriate measures and/or indicators of work system improvements and effectiveness might include job and job classification simplification, job rotation, work layout, work locations, and changing supervisory ratios.

For additional description of this Item, see page 34.

7.5 Organization-Specific Results *(100 pts.)*

Results

Summarize operational performance results that contribute to the achievement of key organizational performance goals — patient/customer satisfaction, improved health care outcomes and service delivery, operational effectiveness, and financial/marketplace performance.

In your response, address the following Areas:

a. Operational Performance Results

Summarize key organization-specific results derived from: key support process performance; productivity, cycle time, and other effectiveness and efficiency measures; and other results supporting accomplishment of the organization's strategy and action plans, such as introduction of new health care services, and teaching/research, if appropriate. For all quantitative measures and/or indicators of performance, provide current levels and trends. Include appropriate comparative data.

b. Supplier and Partner Results

Summarize current levels and trends in key measures and/or indicators of supplier and partner performance. Include organizational performance and/or cost improvements attributed to supplier and partner performance, as appropriate. Include appropriate comparative data.

c. Accreditation and Assessment Results

Summarize results in key measures and/or indicators of organizational accreditation, assessment, and legal/regulatory compliance. Include appropriate comparative data for other institutions providing similar health care services.

Notes:

N1. Results reported in Item 7.5 should address key organizational requirements and progress toward accomplishment of key organizational goals as presented in the organization's "Business Overview," and Items 1.1, 2.2, 6.1, and 6.2. Include results not reported in Items 7.1, 7.2, 7.3, and 7.4.

N2. Results reported in Item 7.5 should provide key information for analysis and review of organizational performance (Item 4.3) and should provide the operational basis for patient/customer satisfaction results (Item 7.1) and financial and market results (Item 7.3).

N3. Regulatory/legal compliance results reported in 7.5c should address requirements described in Item 1.2. If the organization has received sanctions or adverse actions under law (including malpractice), regulation, accreditation, or contract during the past three years, briefly describe the incident(s) and current status. If settlements have been negotiated in lieu of potential sanctions or adverse actions, give explanations.

For additional description of this Item, see page 34.

Leadership (Category 1)

Leadership is the focal point within the Criteria for addressing how the senior leaders guide the organization in setting directions and seeking future opportunities. Primary attention is given to how the senior leaders create a leadership system based upon clear values and high performance expectations that addresses the needs of all patients and all other stakeholders. The Category also includes the organization's responsibilities to society and how the organization provides support to its key communities, including actions to build community health.

1.1 Leadership System

This Item addresses how the organization's senior leaders set directions and build and sustain a leadership system conducive to high performance, individual development, initiative, organizational learning, and innovation. An important aspect of the leadership system is the relationship and collaboration between administrative and health care provider leadership in organizations with separate administrative and health care leadership. The Item asks how leadership takes into account all key stakeholders — patients and their families, health care providers and staff, payors, the community, Departments of Health, accrediting organizations, suppliers, partners, and the public.

The Item calls for information on the major aspects of leadership — creating values and expectations; setting directions; projecting a strong patient/customer focus; encouraging innovation; developing and maintaining an effective leadership system; and effectively demonstrating and communicating values, directions, expectations, and a strong patient/customer focus. Setting directions includes creating future opportunities for the organization and its stakeholders. An effective leadership system promotes continuous learning, not only to improve overall performance, but also to involve all staff in the ongoing challenge to deliver improved health care services. To be successful, leadership must ensure that the organization captures and shares learnings. Leadership's communications are critical to success. Communications need to include performance objectives and measures that help provide focus as well as alignment of departments and work processes.

This Item includes the senior leaders' role in reviewing the leadership system, using staff feedback and reviewing overall organizational performance. This aspect of leadership is crucial, because reviews help to build consistency behind goals and allocation of resources. A major aim is to create organizations that are flexible and responsive — changing to adapt to new health care market needs and opportunities. Through their roles in developing strategy and reviewing performance, senior leaders develop leadership and create an organization capable of adapting to changing health care requirements.

1.2 Public Responsibility and Citizenship

This Item addresses how the organization integrates its values and expectations regarding its public responsibilities and citizenship into its performance management practices, and how it contributes to the health of its community.

Area 1.2a calls for information on how the organization addresses two basic aspects of societal responsibility in planning its services and operations: (1) making regulatory, legal, and ethical requirements and risk factors an integral part of health care delivery, performance management, and improvement; and (2) sensitivity to issues of public concern, whether or not these issues are currently embodied in law or regulation.

Fulfilling societal responsibilities means not only meeting all local, state, and federal laws and regulatory requirements, but also treating these and related requirements as opportunities for improvement "beyond mere compliance."

Area 1.2b calls for information on how the organization practices good citizenship in its key communities, as a contributing member and as a positive influence upon other organizations. Good citizenship activities include community service by staff, which is encouraged and supported by the organization. For example, organizations, their leaders, and staff could help to influence the adoption of higher standards in education by communicating employability requirements to schools. Health care organizations also could partner to influence associations in which they have memberships to engage in generally beneficial cooperative activities, such as sharing best practices to improve overall U.S. health status and health care. Levels of involvement and leadership are dependent upon organization size and resources.

Area 1.2b also addresses actions to build and improve community health. The community health services offered by an organization will be dependent upon its mission, including service requirements for tax-exempt organizations. All organizations should consider appropriate contributions to community health, including the consideration of partnering with other local organizations (public and business) and health care providers.

Strategic Planning (Category 2)

Strategic Planning addresses planning relating to all aspects of performance as a health care provider organization and the deployment of these plans. This includes effective

development and deployment of health care, patient/customer, and business/operational performance requirements derived from strategy. The Category stresses that patient-centered quality and health care and operational performance excellence are key strategic issues that need to be an integral part of overall organizational planning.

The Criteria emphasize that improvement and learning are critical to all organizational work processes. The special role of strategic planning is to align work processes with strategic directions, thereby ensuring that improvement and learning reinforce organizational priorities, especially health care priorities.

The Strategic Planning Category examines how organizations:

- understand the key patient/customer, health care market, and operational requirements as input to setting strategic directions. This is to help ensure that ongoing process improvements are aligned with strategic directions.
- optimize the use of resources, ensure the availability of trained staff, and ensure bridging between short-term and longer-term requirements that may entail capital expenditures, supplier and health care provider alliances, etc.
- ensure that deployment will be effective — that there are mechanisms to transmit requirements and achieve alignment on three basic levels: (1) organizational/leadership level; (2) key process level; and (3) departmental/work-unit/individual-job level.

The Category recognizes that an effective improvement system combines improvements of many types and extents and requires clear strategic guidance, particularly when improvement alternatives compete for limited resources. In most cases, priority setting depends heavily upon health care market demands and a cost rationale. However, there also might be critical requirements such as community health and societal responsibilities that are not driven by cost considerations alone.

2.1 Strategy Development Process

This Item addresses how the organization develops its view of the future and sets strategic directions.

The focus of the Item is on health care service performance leadership. Such leadership usually depends upon health care service delivery performance as well as on operational effectiveness. This requires a view of the future that includes not only the health care market, but also how to compete and/or collaborate in that market. Although no specific time horizon is included, the thrust of the Item is on sustained performance leadership.

Item 2.1 calls for information on all the key influences, challenges, and requirements that might affect the organization's future opportunities and directions — taking as long a view as possible. The main purpose of the Item is to provide a thorough and realistic context for the development of a patient/customer and health care market focused strategy to guide ongoing decision making, resource allocation, and organizational management. An increasingly important part of strategic planning is projecting the competitive and collaborative environment. The purposes of such projections are to detect and reduce threats, to shorten reaction time, and to identify opportunities.

Cost and satisfaction of patients and other customers also are increasingly important. Often this means that organizations need to control costs, while improving health care service quality and outcomes.

2.2 Organizational Strategy

This Item addresses the organization's action plans and how they are deployed. The Item also calls for a projection of the organization's performance. The main intent of the Item is effective operationalizing of the organization's directions, incorporating measures that permit clear communication and tracking of progress and performance.

Area 2.2a calls for information on the organization's action plans and how these plans are deployed. This includes spelling out key performance requirements and measures, as well as alignment of departmental, work unit, supplier, and/or partner plans. Of central importance in this Area is how alignment and consistency are achieved — for example, via key processes and key measurements. The alignment and consistency are intended also to provide a basis for setting priorities for ongoing improvement activities — part of the daily work of all departments/work units.

Critical action plan requirements include staffing plans to support the overall strategy. Examples of staffing plan elements that might be part of a comprehensive plan are:

- redesign of work organizations and/or jobs to increase staff responsibility and decision making;
- initiatives to promote labor-management cooperation, such as partnerships with unions;
- initiatives to promote better collaboration and cooperation between health care providers and administrative/support staff;
- creation or modification of compensation and recognition systems based on building patient and other customer satisfaction and/or operational effectiveness;
- education and training initiatives, including those that involve developmental assignments;

- formation of partnerships with educational institutions to help ensure the future supply of well-prepared staff;
- establishment of partnerships with other health care organizations and/or networks to share training and/or collaborate on costly health care services; and
- introduction of distance education or other technology-based learning approaches.

Area 2.2b calls for a two-to-five year projection of key measures and/or indicators of the organization's performance. It also calls for a comparison of projected performance with other organizations providing similar health care services, competitors, and/or key benchmarks. This projection/comparison is intended to encourage organizations to improve their ability to understand and track dynamic performance factors. Through this tracking process, organizations should be better prepared to take into account their rates of improvement and change relative to others as a diagnostic organizational and health care performance management tool.

In addition to improvement relative to past performance and other organizations, projected performance also might include changes resulting from new ventures, health care market shifts, innovations, or other strategic thrusts.

Focus on Patients, Other Customers, and Markets (Category 3)

Focus on Patients, Other Customers, and Markets is the focal point within the Criteria for examining how the organization seeks to understand the voices of patients, of other customers, and of the marketplace. The Category stresses relationship enhancement as an important part of an overall listening and learning strategy. Vital information for understanding the voices of customers and of the health care marketplace comes from patient and other customer satisfaction results. In many cases, such results and trends provide the most meaningful information on patients' and other customers' important behaviors — provider loyalty and positive referrals.

Throughout the Criteria, patients frequently are identified separately from other customer groups. This is done to stress the importance of this customer group to health care organizations. However, Item requirements also address other customers (or refer to customers generically) to ensure inclusion of all customer groups in the organization's customer focus and performance management system. Other customers could include patients' families, the community, insurers/third-party payors, employers, health care providers, patient advocacy groups, Departments of Health, and students. A key challenge to health care organizations frequently may include balancing the differing expectations of patients and other customer groups.

3.1 Patient/Customer and Health Care Market Knowledge

This Item examines how the organization determines longer-term patient/customer requirements and expectations. In a rapidly changing health care environment, many factors may affect patient/customer preference and loyalty, making it necessary to listen and learn on a continuous basis. To be effective, such listening and learning need to have a close connection with the organization's overall strategy. For example, if the organization is committed to rapid feedback to patients and payors, the listening and learning strategy needs to be backed by a capable information system — one that rapidly accumulates information about patients, protects patient privacy and file confidentiality, can sort the information for different customer groups, and makes the information available where needed throughout the organization and to patients and other customers.

A variety of listening and learning strategies should be considered. Selection depends upon the type and size of organization and other factors.

Examples of approaches that might be part of listening and learning strategies are:

- relationship building, including close integration with patients/customers;
- rapid innovation and approved trials to better link research and development (R&D) to health care delivery;
- close tracking of technological, competitive, societal, environmental, economic, and demographic factors that may bear upon patient/customer requirements, expectations, preferences, or alternatives;
- seeking to understand in detail customers' assessments of health care value and how they are likely to change;
- focus groups with demanding or leading-edge patients/customers;
- training staff in patient/customer listening;
- use of critical incidents such as complaints to understand key service attributes from the point of view of patients/customers and staff;
- interviewing lost patients/customers to determine the factors they use in their health care purchase decisions;
- won/lost analysis relative to competitors;
- post-transaction follow-up; and
- analysis of major factors affecting key customers.

This Item seeks information on how organizations recognize health care market segments, customers of competitors, other potential customers, and future markets. Accordingly, the Item addresses how the organization tailors its listening and learning to different customer groups and health care market segments. For example,

a relationship strategy might be possible with some customers, but not with others. Other information sought relates to sensitivity to specific health care service requirements and their relative importance or value to customer groups. This determination should be supported by use of information and data, such as complaints and gains and losses of patients/customers.

This Item also addresses how the organization improves its listening and learning strategies with a focus on keeping current with changing health care service needs and strategies.

3.2 Patient/Customer Satisfaction and Relationship Enhancement

This Item addresses how the organization effectively manages its responses to and follow-up with patients and other customers. Relationship enhancement provides a potentially important means for organizations to understand and manage patient and other customer expectations. Staff may provide vital information to build partnerships and other longer-term relationships with key customers.

This Item also addresses how the organization determines patient/customer satisfaction and satisfaction relative to competitors and/or other organizations delivering similar health care services. Satisfaction relative to other health care provider organizations and the factors that lead to preference are of critical importance to managing in today's health care environment.

Overall, Item 3.2 emphasizes the importance of getting actionable information, such as feedback and complaints. To be actionable, the information gathered should meet two conditions: (1) responses must be tied directly to key organizational processes, so that opportunities for improvement are clear; and (2) responses must be translated into cost/service implications to support the setting of improvement priorities.

Area 3.2a calls for information on how the organization provides easy access for patients and other customers seeking information or assistance and/or to comment and complain. The Area calls for information on how patient and other customer contact requirements are determined and deployed. Such deployment needs to take account of all key points in the response chain — all departments, units, or individuals in the organization that make effective responses possible.

Area 3.2a also addresses the complaint management process. The principal issue is prompt and effective resolution of complaints, including recovery of patient/customer confidence. However, the Area also addresses how the organization learns from complaints and ensures that all appropriate staff receive information needed to eliminate the causes of complaints. Effective elimination of the causes of complaints involves aggregation of complaint information from all sources for evaluation and use throughout the organization. The complaint management process might include analysis and priority setting for improvement projects based upon potential health outcomes and cost impact of complaints, taking into account patient/customer loyalty based upon resolution effectiveness.

Area 3.2b addresses how the organization determines customer satisfaction. Three types of requirements are considered:

- how the organization gathers information on patient/customer satisfaction, including any important differences in approaches for different customer groups or health care market segments. This highlights the importance of the measurement scale in determining those factors that best reflect future behavior — provider loyalty, new business, and positive referral;
- how the organization follows up with patients and other customers regarding recent health care services and recent transactions to determine satisfaction and to resolve problems quickly. The determination of patient satisfaction with health care outcomes relative to patient expectations provides a significant learning opportunity relative to satisfying future patients and successfully setting their expectations; and
- how satisfaction relative to competitors and other organizations delivering similar health care services is determined. Such information might be derived from organization-based comparative studies or studies made by independent organizations. The purpose of this comparison is to develop information that can be used for improving performance relative to other providers and to better understand the factors that drive health care decision making.

Area 3.2c addresses relationship building — how the organization builds provider loyalty and positive referral. Increasingly, success and health care service innovation depend upon maintaining close relationships with patients/customers. Approaches to relationship building vary greatly, depending on health care market segments/customer groups. Avenues to, and bases for, relationship building change quickly. Accordingly, this Area addresses how the organization evaluates and improves its customer relationship building and ensures that approaches are kept current with changing health care service needs and strategies.

Information and Analysis (Category 4)

Information and Analysis is the main point within the Criteria for all key information to effectively manage the organization and to drive improvement of overall performance, with specific attention to performance as a health care provider. In simplest terms, Category 4 is the "brain center" for the alignment of an organization's health care and administrative operations with its strategic directions. However, since information, information technology, and analysis might themselves be primary sources of cost savings, efficiency, and productivity enhancement, the Category also includes such strategic considerations.

4.1 Selection and Use of Information and Data

This Item addresses the organization's selection, management, and use of information and data to support overall organizational goals, with strong emphasis on process management, action plans, and performance improvement as a health care provider. This performance improvement includes efforts to improve health care results and outcomes (e.g., the selection of statistically meaningful indicators, risk adjustment of data, and linking outcomes to processes and provider decisions). Overall, the Item represents a key foundation for a performance-oriented organization that effectively utilizes clinical, financial, and non-financial information and data.

The Item examines the main types of data — clinical, financial, and non-financial — and how each type relates to key organizational processes and action plans. Also examined is the deployment of information and data to users, with emphasis on alignment of data and information with key organizational processes. The effective management of the information/data system(s) — rapid access, confidentiality, and ongoing reliability — is examined in connection with user requirements. Finally, the Item examines how overall requirements, including effectiveness of use, deployment, and ability to keep current with changing health care service needs and strategies, are met.

Although the main focus of this Item is on information and data for the effective management of performance, information, data, and information technology often have major strategic significance as well. For example, information technology could be used to accumulate and disseminate information about patients derived from clinical evaluation, radiology, and laboratory testing, permitting more timely scheduling, diagnosis, and discharge. Also, information technology and the information and data made available through such technology could be of special advantage in clinical consultations and alliances, and to supply chains. Responses to this Item should take into account such strategic use of information and data. Accordingly, "users" should then be interpreted as partners as well as internal organizational units.

4.2 Selection and Use of Comparative Information and Data

This Item addresses external drivers of improvement — information and data related to competitive position, to performance relative to other organizations providing similar health care services, and to best practices. Such data might have both operational and strategic value.

The Item calls for information on how comparative and benchmarking information is selected and used to help drive improvement of overall performance. Sources of comparative and benchmarking information might include: (1) information obtained from other organizations through sharing or contributing to external reference data bases; (2) information obtained from the open literature (e.g., outcomes research studies and practice guidelines); (3) data gathering and evaluation by the organization itself; and (4) data gathering and evaluation by independent organizations (e.g., the Health Care Financing Administration, accrediting organizations, and commercial organizations).

The Item addresses the key aspects of effective selection and use of comparative and benchmarking information and data; determination of needs and priorities; criteria for seeking appropriate information — from within and outside the health care industry and the organization's markets; and use of information and data to set stretch targets and to promote major improvements in the areas most critical to current and future performance as a health care provider.

The Item also calls for information on how the organization evaluates and improves its processes for selecting and using comparative and benchmark information to improve planning, to drive improvement of performance, and to keep current with changing health care service needs and strategies.

The major premises underlying this Item are: (1) health care organizations are facing tough competition and a rapidly changing environment, and need to know "where they stand" relative to other providers and to best practices; (2) comparative and benchmarking information often provide impetus for significant ("breakthrough") improvement or changes and might alert organizations to new practices; and (3) organizations need to understand their own processes and the processes of others before they compare performance levels. Benchmarking information may also support analysis and decisions relating to core competencies, alliances, and outsourcing.

4.3 Analysis and Review of Organizational Performance

This Item addresses organizational-level analysis of performance — the principal basis for guiding the organization's process management toward key performance results. Despite their importance, individual facts and data do not usually provide a sound basis for actions or priorities. Action

depends upon understanding cause/effect connections among processes and between processes and results. Process actions may have many resource implications; results may have many long-term patient, health care, cost, and revenue implications as well. Given that resources for improvement are limited, and cause/effect connections are often unclear, there is a critical need to provide a sound analytical basis for decisions.

A close connection between analysis and performance review helps to ensure that analysis is kept relevant to decision making. This Item is the central analysis point in an integrated information and data system. This system is built around clinical, financial, and non-financial information and data.

Area 4.3a examines how information and data from all parts of the organization are integrated and analyzed to assess overall performance. The integration of information and data includes bringing together patient/clinical, administrative, and financial information and data to allow assessment, comparison, and correlation. The Area covers five key aspects of performance — patient/customer-related, health care outcomes, operational, comparative, and financial/market.

Analyses that organizations perform to gain understanding of performance vary widely. Selection depends upon many factors, including organization type, size, and competitive position. Examples of analyses that organizations perform include:

- how the organization's health care and service quality improvements correlate with key patient/customer indicators such as satisfaction, retention/loyalty, and market share;
- cost/revenue implications of patient/customer-related problems and problem resolution effectiveness;
- interpretation of market share changes in terms of patient and other customer gains and losses, and changes in patient/customer satisfaction;
- trends in improvement in key operational performance indicators such as productivity, cycle times (e.g., length of stay, turnaround times, wait times, and billing delays), waste reduction, utilization rates, and costs per case;
- relationships between staff/organizational learning and productivity gains or health care outcomes;
- financial benefits derived from improved staff safety, absenteeism, and turnover;
- benefits and costs associated with education and training;
- how the organization's ability to identify and meet staff requirements correlates with staff retention, motivation, and productivity;
- cost/revenue implications of staff-related problems and problem resolution effectiveness;
- performance trends relative to other health care providers on key quality attributes;
- productivity and cost trends relative to competitors (e.g., cost/case for key DRGs);
- compliance with preventive screenings compared to similar health care providers;
- relationships between patient health care quality, operational performance indicators, and overall organizational financial performance trends as reflected in indicators such as operating costs, revenues, asset utilization, and value added per staff member;
- allocation of resources among alternative improvement projects based on cost/revenue implications and improvement potential (e.g., decisions on acquiring new technology vs. forming technology/equipment partnerships with other providers);
- net earnings derived from quality/operational/staff performance improvements;
- comparisons among cost centers showing how quality and operational performance improvement affect financial performance (e.g., impacts of HMO preventive care vs. diagnostic expenses and treatment of potentially preventable illnesses);
- contributions of improvement activities to cash flow, working capital use, and/or shareholder/community value;
- financial impacts of customer service/retention (e.g., decisions on PHO level of service and retention of third-party payors); and
- health care market share versus profits/financial returns.

Area 4.3b examines how the organization reviews performance and capabilities and uses the review findings to improve performance and capabilities relative to action plans, goals, and changing health care service needs. An important part of this review is the translation of review findings into an action agenda — sufficiently specific so that deployment throughout the organization and to suppliers/partners is possible.

Staff Focus (Category 5)

Staff Focus is the location within the Criteria for all key human resource practices — those directed toward creating a high performance workplace and toward developing staff to enable them and the organization to adapt to change. The Category addresses staff development and management requirements in an integrated way, aligned with the organization's strategic directions. A particular challenge in some health care organizations is the diversity of "staff relationships," the variety of people contributing to the

delivery of the organization's services. This might include paid staff, independent practitioners, volunteers, and students. All appropriate contributions must be considered in the Staff Focus Category.

To ensure the basic alignment of human resource management with organizational strategy, the Criteria also address staff planning as an integral part of organizational planning in the Strategic Planning Category.

5.1 Work Systems

This Item addresses how the organization's work and job design, compensation, and recognition approaches enable and encourage all staff to contribute effectively. The Item is concerned not only with current and near-term performance objectives, but also with individual and organizational learning — enabling adaptation to change.

Area 5.1a calls for information on work and job design. The basic aim of such design should be to enable staff to exercise appropriate discretion and decision making, leading to flexibility, innovation, knowledge and skill sharing, and rapid response to the changing requirements of the health care marketplace. Examples of approaches to create flexibility in work and job design might include simplification of job classification, cross-training, and changes in work layout and work locations to facilitate patient-focused processes. It also might entail use of technology and changed flow of information to support decision making. Job design should address the organization's credentialing and privileging of its health care practitioners, as appropriate.

Effective job design and flexible work organizations are necessary but may not be sufficient to ensure high performance. High performance work systems require information systems, education, and appropriate training to ensure that information flow supports the job and work designs. Also important is effective communication across departments, functions, and work units to ensure a focus on patient/customer requirements and to ensure an environment of encouragement, trust, and mutual commitment. In some cases, teams might involve paid staff and independent practitioners, potentially linked via computers or conferencing technology.

Area 5.1b addresses the important alignment of incentives with the achievement of key organizational objectives. The basic thrust of this Area is the consistency between the organization's compensation and recognition system and its work structures and processes.

The Area calls for information on staff compensation and recognition — how these reinforce high performance, a focus on patient/customer satisfaction, and learning. To be effective, compensation and recognition might need to be based, in part, upon demonstrated skills and/or upon collaboration with independent practitioners.

Compensation and recognition approaches might take into account linkages to patient/customer loyalty/retention or other performance objectives.

5.2 Staff Education, Training, and Development

This Item addresses how the organization develops the staff via education, training, and on-the-job reinforcement of knowledge and skills. Development is intended to meet ongoing needs of staff and a high performance workplace, accommodating to change.

Education and training address the knowledge and skills staff need to meet their overall work and personal objectives, licensure and recredentialing requirements, and the organization's need for leadership development of staff members. Depending upon the nature of the organization's health care services and staff responsibilities, education and training needs might vary greatly. Examples include continuing clinical education, leadership skills, communications, teamwork, problem solving, interpreting and using data, meeting patient/customer requirements, process analysis, process simplification, waste reduction, cycle time reduction, error-proofing, use of new technology, and other training that affects staff effectiveness, efficiency, and safety. Training might also include basic skills such as reading, writing, language, and arithmetic.

The item calls for information on key performance and learning objectives, and how education and training are designed, delivered, reinforced, and evaluated, with special emphasis upon on-the-job application of knowledge and skills. The Item emphasizes the importance of the involvement of staff and their managers in the design of training, including clear identification of specific needs. This might include cooperation among paid staff, independent practitioners, and students.

Education and training delivery might occur inside or outside the organization and involve on-the-job, classroom, computer-based, distance education, or other types of delivery.

The Item also emphasizes evaluation of education and training. Such evaluation might take into account managers' evaluation, staff self-evaluation, and peer evaluation of value received through education and training relative to needs identified in design. Evaluation might also address factors such as the effectiveness of education and training delivery, impact on department, work unit, and organizational performance, costs of delivery alternatives, and impact on health care outcomes.

Although the Item does not explicitly call for information on the training for patient-contact employees, such training is important. It might entail: (1) listening to patients; (2) soliciting comments from patients; (3) anticipating and handling problems; and (4) learning how to effectively set and manage patient expectations.

5.3 Staff Well-Being and Satisfaction
This Item addresses the work environment, the work climate, and how they are tailored to support the well-being, satisfaction, and motivation of all staff.

Area 5.3a calls for information regarding a safe and healthful work environment to show how the organization includes such factors in its planning and improvement activities. Important factors in this Area include establishing appropriate measures and targets and recognizing that staff units might experience very different environments.

Area 5.3b calls for information on the organization's approach to enhance staff well-being, satisfaction, and motivation based upon a holistic view of all staff as key stakeholders. The Area emphasizes that the organization needs to consider a variety of services, facilities, activities, and opportunities to build well-being, satisfaction, and motivation. Senior leaders, managers, and supervisors have a specific responsibility to encourage staff, and to ensure good communication with and among staff members (paid, privileged, and volunteers, as appropriate).

Most organizations, regardless of size, have many opportunities to contribute to staff well-being, satisfaction, and motivation. Examples of services, facilities, activities, and other opportunities are: personal and career counseling; career development; recreational or cultural activities; formal and informal recognition; non-work-related education; day care; special leave for family responsibilities and/or for community service; home safety training; and retiree benefits, including extended health care. These services also might include career enhancement activities such as skills assessment and helping staff develop learning objectives and plans.

Area 5.3c calls for information on how the organization determines staff well-being, satisfaction, and motivation. The Area recognizes that many factors might affect the staff. Although satisfaction with pay and promotion potential is important to paid staff, these factors might not be adequate to assess the overall climate for motivation and high performance. For this reason, the organization might need to consider a variety of factors that might affect well-being, satisfaction, and motivation, such as: effective problem or grievance resolution; safety; staff member views of leadership and management; staff development and career opportunities; preparation for changes in technology or work organization; work environment; work load; cooperation and teamwork; recognition; benefits; communications; job security; compensation; equality of opportunity; and capability to provide services to patients and other customers.

In addition to formal or informal survey results, other measures and/or indicators of well-being, satisfaction, and motivation might include safety, absenteeism, turnover, turnover rate for patient/customer-contact employees, grievances, strikes, and worker's compensation claims. For health care staff, indicators might include patient referrals to other organizations/institutions and willingness to serve on committees. Factors inhibiting motivation need to be prioritized and addressed. Further understanding of these factors could be developed through exit interviews with departing staff members.

The Area also addresses how the information and data on the well-being, satisfaction, and motivation of staff are actually used in identifying improvement priorities. Priority setting might draw upon staff and work system results presented in Item 7.4.

Process Management (Category 6)

Process Management is the focal point within the Criteria for all key work processes — health care processes and those key processes that support the delivery of health care. As appropriate to an organization's mission, key processes might include the conduct of health care research and/or the teaching of medical/nursing students or allied health care professionals. Built into the Category are the central requirements for efficient and effective process management — effective design, implementation, linkage to suppliers and partners, operational performance, cycle time, and evaluation and continuous improvement.

An increasingly important concept in all aspects of process management and organizational design is flexibility. In simplest terms, flexibility refers to the ability to adapt quickly and effectively to changing requirements. Flexibility might mean timely changeover to a new technology or treatment protocol, rapid response to changing payor requirements, or the ability to produce a wide range of patient-focused services. Flexibility might demand special strategies and specialized training. Flexibility also increasingly involves shared facilities, agreements with key suppliers, and novel partnering arrangements.

6.1 Design and Delivery of Health Care
This Item examines how the organization designs, implements, manages, and improves its health care services and their delivery. Important to the management of these processes is the trouble-free and timely introduction of new

health care services. The Item also examines organizational learning through a focus on how learnings in one process or organizational unit are replicated and added to the knowledge base of other parts of the organization.

Area 6.1a calls for information on the design of health care services and health care delivery processes. Five aspects of this design are examined: (1) how decisions are made to launch health care services, including financial considerations; (2) how changing patient/customer and health care market requirements and technology are incorporated into health care service designs; (3) how health care delivery processes are designed to meet patient, quality, operational, and regulatory performance requirements; (4) how design and delivery processes are coordinated and tested to ensure trouble-free and timely introduction and delivery of services; and (5) how design processes are evaluated and improved to achieve better performance.

Design processes might address: (1) modifications and variants of existing health care services (Modifications and variants might result from the shift of a service from an inpatient to an outpatient setting, the introduction of new technology for an existing service, or the institution of critical pathways); (2) new health care services resulting from research; (3) new/modified facilities to meet performance requirements; and (4) significant redesigns of processes to improve patient focus, productivity, or both. Responses should reflect the key requirements for the services. Factors that might need to be considered in design include: safety and risk management, timeliness, access, coordination and continuity of care, patient involvement in care decisions, measurement capability, availability/scarcity of staff with critical skills, availability of referral sources, technology, facility capacity/utilization, supplier capability, regulatory requirements, and documentation. Effective design must also consider cycle time and productivity of health care service delivery processes. This might entail detailing critical pathways and redesigning ("reengineering") delivery processes to achieve efficiency, as well as to meet changing requirements.

Coordination of design and delivery processes involves all organizational units, departments, and/or individuals who will take part in delivery and whose performance materially affects overall process outcome. This might include researchers, health care providers, facilities engineering, and administration.

Area 6.1b calls for information on the management and improvement of the organization's key health care service delivery processes. The information required includes a description of the key processes and their specific requirements, and how performance relative to these requirements is managed and maintained. Specific reference is made to regulatory and payor requirements, key in-process measurements/assessments and patient interactions, and how results are made available in a timely manner to all appropriate staff. When deviations occur, a remedy — usually called corrective action — is required. Proper correction involves changes at the source (root cause) of the deviation. Such corrective action should address patient-to-patient variation and should seek to minimize the likelihood of variation.

Critical to health care service delivery are the consideration of patient expectations, the setting of realistic patient expectations relative to likely health care outcomes, and the opportunity for patients to participate on an informed basis in decision making relative to their own health care.

Areas 6.1a and 6.1b call for information on how processes are improved to achieve better performance. Better performance means not only better quality from the patient's perspective but also better financial and operational performance from the organization's perspective. Critical to organizational improvement is a process for sharing improvements/learnings with other organizational units and departments.

6.2 Management of Support Processes

This Item addresses how the organization designs, implements, manages, and improves its support and supplier/partner processes. Support processes are those that support the organization's health care service delivery, but are not usually designed in detail with the services, because their requirements usually do not depend significantly upon specific health care service characteristics. Support process design requirements usually depend significantly upon internal requirements, and must be coordinated and integrated to ensure efficient and effective performance. Support processes might include housekeeping, medical records, finance and accounting, software services, community relations, information services, personnel, legal services, plant and facilities management, and other administrative services.

This Item also addresses how the organization designs, implements, manages, and improves its supplier and partnering processes and relationships. It addresses supplier and partner performance management and improvement. The term "supplier" refers to other organizations and to other units of a parent organization that provide goods and services. If there is a "supplier" relationship with health care providers, this should be addressed in this Item, in addition to the treatment of the health care providers as staff in Item 1.1 and Category 5.

The Item places particular emphasis on the unique relationships that organizations are building with key and preferred suppliers, including establishing partnering relationships. For many organizations, these suppliers and partners are an increasingly important part of achieving not only high performance and lower-cost objectives, but also strategic objectives.

Area 6.2a calls for information on how the organization maintains the performance of the key support processes. This information includes a description of the key processes and their principal requirements, and a description of key in-process measurements and customer information gathering.

Area 6.2a also calls for information on how the organization evaluates and improves the performance of its key support processes. Four key approaches the organization might consider or use are: (1) process analysis and research; (2) benchmarking; (3) use of alternative technology; and (4) information from customers of the processes — within and outside the organization. Together, these approaches offer a wide range of possibilities, including complete redesign ("reengineering") of processes.

Area 6.2b requests the principal performance requirements for key suppliers and partners. These requirements are the principal factors involved in the organization's purchases (e.g., quality, delivery, and cost). Processes for determining whether or not requirements are met might include audits, process reviews, receiving inspection, testing, and rating systems.

Area 6.2b also requests information on actions and plans to improve suppliers' and partners' abilities to contribute to achieving your organization's performance goals. These actions and plans might include one or more of the following: improving your own procurement and supplier management processes (including seeking feedback from suppliers and internal customers), joint planning, rapid information and data exchanges, use of benchmarking and comparative information, customer-supplier teams, training, long-term agreements, and recognition.

Organizational Performance Results (Category 7)

Organizational Performance Results provide a results focus that measures the success of the organization in meeting its mission as a health care provider. This measurement encompasses the patient's/customer's evaluation of the organization's health care services, the organization's health care results, its overall financial and health care market performance, and its operational performance results. Through this focus, the Criteria's dual purposes — superior health care quality and value, as viewed by patients, other customers, and the marketplace, and superior performance reflected in clinical, operational, and financial indicators — are maintained. Category 7 thus provides "real-time" information (measures of progress) for evaluation and improvement of health care delivery and outcomes, and key support processes, aligned with overall organizational strategy. Analysis and review of clinical and operational results data and information to determine overall organizational performance are called for in Item 4.3.

7.1 Patient/Customer Satisfaction Results

This Item addresses the principal patient/customer-related results — patient and other customer satisfaction, dissatisfaction, and satisfaction relative to competitors and other organizations delivering similar health care services. The Item calls for the use of all relevant data and information to establish the organization's performance as viewed by its patients and other customers. Relevant data and information include: patient/customer satisfaction and dissatisfaction; loyalty/retention, gains, and losses of patients and customer accounts; patient/customer complaints; patient/customer-perceived value based on health care quality, outcomes, and cost; and awards, ratings, and recognition from customers and independent organizations, including accreditors and regulators.

7.2 Health Care Results

This Item addresses those measures that best reflect the organization's success in delivering on its mission as a health care provider. The Item calls for the use of all relevant data and information to establish the organization's performance in delivering health care. Relevant data and information include: measures and indicators of health care outcomes, health care service delivery results, and patient functional status. Overall, this is the most important Item in the Criteria as it focuses on demonstrating improving health care results over time and demonstrating superior results relative to other organizations that deliver similar health care services. To be fully responsive to Item requirements, organizations need to risk adjust data for their patient population. Superior performance and improving performance over time after risk adjustment of data represent true measures of organizational success.

7.3 Financial and Market Results

This Item addresses those factors that best reflect the organization's financial and health care marketplace performance. Measures reported in this Item will frequently be those key financial and market measures tracked by senior leadership on an ongoing basis to gauge overall financial performance, and often used to determine incentive compensation for senior leaders in for-profit businesses. Measures of financial performance might include return on equity, return on investment, operating margins, profitability, liquidity, bond ratings, and other financial activity measures. Health care marketplace performance could include market share measures of growth,

new geographic markets entered, and new populations served, as appropriate. Comparative data for these measures might include best competitor, similar health care organizations, and appropriate health care industry benchmarks.

7.4 Staff and Work System Results

This Item addresses the organization's human resource results — those relating to staff well-being, satisfaction, development, motivation, work system performance, and effectiveness.

Results reported could include generic and health care or organization-specific factors. Generic factors include safety, absenteeism, turnover, and satisfaction. Health care or organization-specific factors include those used by the organization for purposes of tracking progress against key requirements and goals. Results reported might include input data, such as extent of training or formation of teams, but emphasis also should be placed on measures of effectiveness.

Results reported for work system performance should include those relevant to the organization, and might include measures of improvement in job classification, work layout for more efficient health care delivery, and improvement in working relationships among health care providers, administrators, and support staff.

The Item calls for comparative information so that results can be evaluated meaningfully against benchmarks, competitors, or other comparable organizations. For some measures, such as absenteeism and turnover, local or regional comparisons also might be appropriate.

7.5 Organization-Specific Results

This Item addresses key performance results, not reported in Items 7.1-7.4, that contribute significantly to meeting organizational requirements and that demonstrate progress toward accomplishment of organizational goals — patient/customer satisfaction, improved health care outcomes and service delivery, operational effectiveness, and financial/marketplace performance. The Item encourages the use of any unique measures the organization has developed to track performance in areas important to the organization.

Results should reflect key operational and process performance measures, including those that serve as predictors of patient/customer satisfaction. Measures of productivity and operational effectiveness in all key areas, health care service delivery areas and support areas, are appropriate for inclusion. Results of supplier and partner performance and improvements in their performance should be included. Results of accreditation, other assessments, and compliance with regulatory/legal requirements should be reported.

Measures and/or indicators reported should relate to requirements that matter to improved health care delivery, to the patient and other customers, and to the marketplace. Patient/customer features are derived from the patient/customer-related Items 3.1 and 3.2 ("listening posts"). If the features have been properly selected, improvements in them should show a clear positive correlation with patient/customer and marketplace improvement indicators — captured in Items 7.1 and 7.3.

All Areas within the Item call for appropriate comparative information so that results reported can be meaningfully evaluated against benchmarks, competitors, or other comparable organizations.

Measures and/or indicators of operational effectiveness reported in response to Area 7.5a might include the following: responsiveness indicators such as cycle time, wait times, and turnaround times; utilization rates; waste reduction, such as reducing repeat tests; cost reduction; and strategic indicators such as innovation rates, innovation effectiveness, cost reductions through innovation, time to new health care service introduction, and other measures of strategic goal achievement.

Supplier and partner results reported in response to Area 7.5b should focus on the most critical requirements from the point of view of the organization — the "buyer" of the products and services. Data reported should reflect results by whatever means they occur — via improvements by suppliers and partners and/or through selection of better performing suppliers and partners. Measures and indicators of performance should relate to the principal factors involved in the organization's purchase decisions (e.g., quality, timeliness, and cost).

Data reported also should reflect how suppliers and partners have contributed to your organization's performance goals. Results reported could include cost savings, reductions in waste, and cycle time or productivity enhancements.

To the extent that the organization interacts with health care providers as suppliers of services, results of that relationship should be reported in Area 7.5b.

The results reported in response to Area 7.5c should include key accreditation findings, regulatory reviews, staff licensure and recredentialing determinations, external audits, proficiency testing results, and utilization review results, as appropriate. If the organization has received sanctions or adverse actions under law (including malpractice), regulation, accreditation, or contract during the past three years, the incidents and current status should be summarized.

SCORING SYSTEM

The scoring of responses to Criteria Items (Items) and the determination of strengths and opportunities for improvement are based on three evaluation dimensions: (1) Approach; (2) Deployment; and (3) Results. Criteria users need to furnish information relating to these dimensions. Specific factors for these dimensions are described below. Scoring Guidelines are given on page 36.

Approach

"Approach" refers to how the organization addresses the Item requirements — the *method*(s) used. The factors used to evaluate approaches include:

- appropriateness of the methods to the requirements
- effectiveness of use of the methods. Degree to which the approach:
  - is systematic, integrated, and consistently applied
  - embodies evaluation/improvement/learning cycles
  - is based on reliable information and data
- evidence of innovation and/or significant and effective adaptations of approaches used in other types of applications or businesses

Deployment

"Deployment" refers to the *extent* to which the organization's approach is applied to all requirements of the Item. The factors used to evaluate deployment include:

- use of the approach in addressing organizational and Item requirements
- use of the approach by all appropriate work units

Results

"Results" refers to *outcomes* in achieving the purposes given in the Item. The factors used to evaluate results include:

- current performance
- performance relative to appropriate comparisons and/or benchmarks
- rate, breadth, and importance of performance improvements
- demonstration of sustained improvement and/or sustained high-level performance
- linkage of results measures to key performance measures identified in the "Business Overview" and in Approach/Deployment Items

Item Classification and Scoring Dimensions

Items are classified according to the kinds of information and/or data organizations are expected to furnish relative to the three evaluation dimensions.

The two types of Items and their designations are:

1. Approach/Deployment — **Approach – Deployment**
2. Results — **Results**

Approach and Deployment are linked to emphasize that descriptions of Approach should always indicate the Deployment — consistent with the *specific requirements* of the Item. Although Approach and Deployment dimensions are linked, organizational assessments reflect strengths and/or opportunities for improvement in either or both dimensions.

Results Items call for data showing performance levels and trends on key measures and/or indicators of organizational performance. However, the evaluation factor, "breadth" of performance improvements, is concerned with how widespread an organization's improvement results are. This is directly related to the Deployment dimension. That is, if improvement processes are widely deployed, there should be corresponding results. A score for a Results Item is thus a composite based upon overall performance, taking into account the breadth of improvements and their importance (see next section).

"Importance" as a Scoring Factor

The three evaluation dimensions described above are all critical to evaluation and determination of strengths and opportunities for improvement. However, this evaluation and determination must also consider the importance of improvements in Approach, Deployment, and Results to the organization's overall performance. The areas of greatest importance should be addressed in the "Business Overview," and in Items such as 2.1, 3.1, 6.1, 7.2, and 7.5. Of particular importance are the key patient/customer requirements and key strategies and action plans.

Assignment of Scores to Organizational Responses

Baldrige Award Examiners observe the following guidelines in assignment of scores to organizational responses:

- All relevant Areas to Address should be included in the Item response. Also, responses should reflect what is important to the organization's overall performance;
- In assigning a score to an Item, an Examiner first decides which scoring range (e.g., 40% to 60%) best fits the overall Item response. Overall "best fit" does not require total agreement with each of the statements for that scoring range. Actual score *within the range* depends upon an Examiner's judgment of the closeness of the Item response in relation to the statements in the next higher and next lower scoring ranges;
- An Approach/Deployment Item score of 50% represents an approach that meets the *basic* objectives of the Item and that is deployed to the principal activities covered in the Item. Higher scores reflect maturity (cycles of improvement), integration, and broader deployment; and
- A Results Item score of 50% represents clear indication of improvement trends and/or good levels of performance in the principal results areas covered in the Item. Higher scores reflect better improvement rates and/or levels of performance, and better comparative performance as well as broader coverage.

SCORING GUIDELINES

SCORE	APPROACH / DEPLOYMENT
0%	■ no systematic approach evident; anecdotal information
10% to 30%	■ beginning of a systematic approach to the primary purposes of the Item ■ early stages of a transition from reacting to problems to a general improvement orientation ■ major gaps exist in deployment that would inhibit progress in achieving the primary purposes of the Item
40% to 60%	■ a sound, systematic approach, responsive to the primary purposes of the Item ■ a fact-based improvement process in place in key areas; more emphasis is placed on improvement than on reaction to problems ■ no major gaps in deployment, though some areas or work units may be in very early stages of deployment
70% to 90%	■ a sound, systematic approach, responsive to the overall purposes of the Item ■ a fact-based improvement process and organizational learning/sharing are key management tools; clear evidence of refinement and improved integration as a result of improvement cycles and analysis ■ approach is well-deployed, with no major gaps; deployment may vary in some areas or work units
100%	■ a sound, systematic approach, fully responsive to all the requirements of the Item ■ a very strong, fact-based improvement process and extensive organizational learning/sharing are key management tools; strong refinement and integration — backed by excellent analysis ■ approach is fully deployed without any significant weaknesses or gaps in any areas or work units

SCORE	RESULTS
0%	■ no results or poor results in areas reported
10% to 30%	■ early stages of developing trends; some improvements *and/or* early good performance levels in a few areas ■ results not reported for many to most areas of importance to the organization's key performance requirements
40% to 60%	■ improvement trends *and/or* good performance levels reported for many to most areas of importance to the organization's key performance requirements ■ no pattern of adverse trends *and/or* poor performance levels in areas of importance to the organization's key performance requirements ■ some trends *and/or* current performance levels — evaluated against relevant comparisons *and/or* benchmarks — show areas of strength *and/or* good to very good relative performance levels
70% to 90%	■ current performance is good to excellent in most areas of importance to the organization's key performance requirements ■ most improvement trends *and/or* performance levels are sustained ■ many to most trends *and/or* current performance levels — evaluated against relevant comparisons and/or benchmarks — show areas of leadership and very good relative performance levels
100%	■ current performance is excellent in most areas of importance to the organization's key performance requirements ■ excellent improvement trends *and/or* sustained excellent performance levels in most areas ■ strong evidence of health care industry and benchmark leadership demonstrated in many areas

PREPARING THE BUSINESS OVERVIEW

The "Business Overview" is an outline of the organization's health care business, addressing what is most important to that business, the key influences on how the organization operates, and where the organization is headed. *The "Business Overview" is intended to help those performing an assessment understand what is relevant and important to the organization.*

The "Business Overview" is of critical importance to the organization because:

- it is the most appropriate starting point for writing and reviewing the application, helping to ensure focus on key issues and consistency in responses, especially in reporting organizational performance results; and
- it is used by those performing an assessment in all stages of application review, including a site visit.

Guidelines for Preparing the Business Overview

The "Business Overview" consists of five sections as follows:

1. **Basic description of the organization**
   This section should provide basic information on:
   - the nature of the organization's health care services;
   - organization size, location(s), and information on ownership;
   - the organization's major health care markets (local, regional, national, or international) and principal customer groups (patients, specific third-party payors, local community, etc.). (Note any special relationships, such as partnerships.);
   - a profile of the organization's staff including: number, types, educational level, bargaining units, and special safety requirements;
   - major equipment, facilities, and technologies used; and
   - the regulatory and accreditation environment within which the organization operates relative to health care service delivery, occupational health and safety, environmental, and financial requirements.

   If the organization is a subunit of a larger entity, a brief description of the organizational relationship to the "parent" and percent of employees the subunit represents should be given. Briefly describe also how the organization's services relate to those of the parent and/or other units of the parent organization. If the parent organization provides key support services, these should be described briefly.

2. **Patient/customer and health care market requirements**
   This section should provide information on:
   - key patient/customer and market requirements (for example, accessibility, continuity of care, and billing requirements) for health care services. Briefly describe all important requirements, and note significant differences, if any, in requirements among patient/customer groups and market segments.

3. **Supplier and partnering relationships**
   This section should provide information on:
   - types and numbers of suppliers of goods and services;
   - the most important types of suppliers; and
   - any limitations, special relationships, or special requirements that may exist with some or all suppliers and partners.

4. **Competitive factors**
   This section should provide information on:
   - the organization's position (relative size, growth) in the health care industry;
   - numbers and types of competitors;
   - principal factors that determine competitive success, such as accessibility, health care and administrative support services offered, and cost; and
   - changes taking place that affect competition and/or opportunities for cooperation.

5. **Strategic context**
   This section should provide information, as appropriate, on:
   - major new thrusts for the organization, such as entry into new health care markets or segments;
   - new business alliances with suppliers, health care providers, or other partners;
   - introduction of new technologies;
   - changes in the health care environment affecting the delivery of services;
   - the role of and approaches to health care service and other innovations;
   - changes in strategy; and
   - unique factors.

Page Limit

The "Business Overview" is limited to five pages. These are not counted in the overall 50-page application page limit.

It is strongly recommended that the "Business Overview" be prepared first and that it be used to guide the organization in writing and reviewing the application.

1998 CRITERIA RESPONSE GUIDELINES

Writing an application involves responding in 50 or fewer pages to the requirements given in the 19 Criteria Items. The guidelines given in this section are offered to assist organizations to respond most effectively to these requirements.

The guidelines are presented in three parts: (1) General Guidelines regarding the Criteria booklet, including how the Items are formatted; (2) Guidelines for Responding to Approach/Deployment Items; and (3) Guidelines for Responding to Results Items.

General Guidelines

1. **Read the entire Criteria booklet.**

   The main sections of the booklet provide an overall orientation to the Criteria, including how organizations' responses should be evaluated. Organizations should be thoroughly familiar with the following sections:

   - Health Care Criteria for Performance Excellence (pages 6-23)
   - Scoring Information (pages 35-36)
   - Glossary of Key Terms (pages 3-5)
   - Item Descriptions and Comments (pages 24-34)

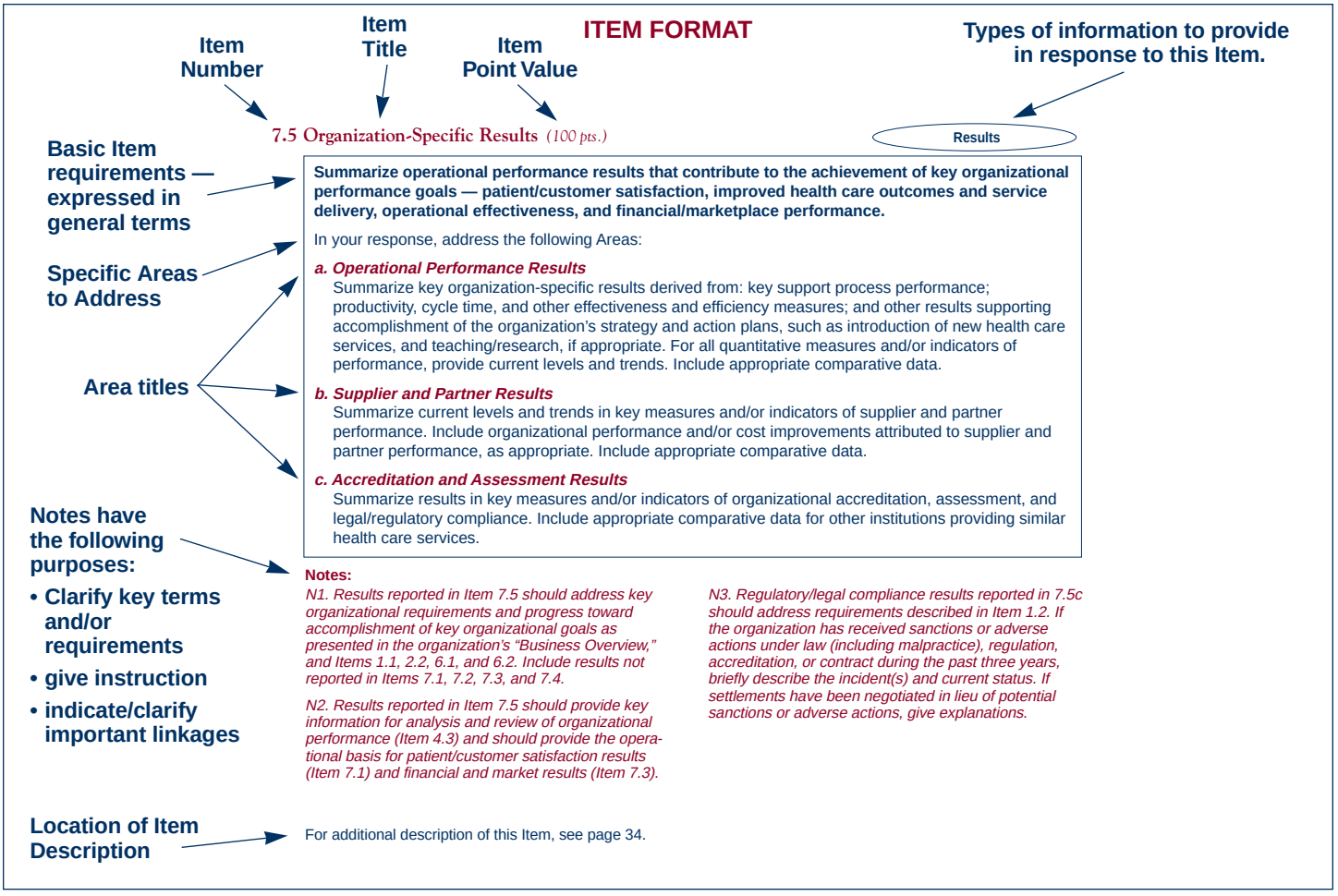
2. **Review the Item format.**

   The Item format (see figure below) shows the different parts of Items, what each part is for, and where each part is placed. It is especially important to understand the Areas to Address and the Item Notes. All Items and Areas to Address are described in a separate section (pages 24-34).

   Each Item is classified either **Approach–Deployment** or **Results**, depending on the type of information required. Guidelines for responding to Approach/ Deployment Items are given on page 39. Guidelines for responding to Results Items are given on page 40.

3. **Start by preparing the "Business Overview."**

   The "Business Overview" is the most appropriate starting point for writing an application. The "Business Overview" is intended to help everyone — including the organization's application writer(s) and reviewer(s) — to understand what is most relevant and important to the organization's health care business. Guidelines for preparing the "Business Overview" are given on page 37.



Guidelines for Responding to Approach/ Deployment Items

The Criteria focus on key performance results. However, results by themselves offer little *diagnostic* value. For example, if some results are poor or are improving at rates slower than similar health care organizations, it is important to understand *why* this is so and *what* might be done to accelerate improvement.

The purpose of Approach-Deployment Items is to permit diagnosis of the organization's most important processes — the ones that enable fast-paced performance improvement. Diagnosis and determination of strengths and opportunities for improvement depend heavily upon the *content and completeness* of Approach-Deployment Item responses. For this reason, it is important to respond to these Items by providing key process information. Guidelines for organizing and reviewing such information are given below.

1. Understand the meaning of "how."

Items requesting information on approach include Areas that begin with the word "how." *Organizational responses should outline key process information such as methods, measures, deployment, and evaluation/ improvement/learning factors.* Responses lacking such information, or merely providing an example, are referred to in the Scoring Guidelines as *anecdotal information.*

2. Write and review response(s) with the following guidelines, questions, and comments in mind:

- Show *what* and *how.*
  - – Does the response show what is done, and does it give a clear sense of how?

  It is important to give basic information about *what* key processes are and *how* they work. Although it is helpful to include *who* performs the work, merely stating *who* does not permit diagnosis. For example, stating that "patient satisfaction data are analyzed on a regular basis by nursing staff" does not permit meaningful assessment, because from this information, strengths and weaknesses in the analysis cannot be given.

- Show that activities are *systematic.*
  - – Does the response show a systematic approach, or does it merely provide an example (anecdote)?

  Approaches that are systematic are repeatable and use data and information for improvement and learning. In other words, approaches are systematic if they "build in" evaluation and learning, and thereby gain in maturity.

- Show deployment.
  - – Does the response give clear and sufficient information on deployment of the approach addressed in the response?

  Deployment can be shown compactly by using tables that summarize what is done in different parts of the organization.

- Show focus and consistency.
  - – Does the response show focus on key processes and improvements that offer the greatest potential to improve organizational performance and accomplish action plans?

  There are four important factors to consider regarding focus and consistency: (1) the "Business Overview" should make clear what is important; (2) the Strategic Planning Category, including the strategy and action plans, should highlight areas of greatest focus and describe how deployment is accomplished; (3) descriptions of organizational-level analysis (Item 4.3) should show how the organization analyzes and reviews performance information to set priorities; and (4) the Process Management Category should highlight health care and support processes that are key to overall organizational performance. *Focus and consistency in the Approach-Deployment Items should yield corresponding results reported in Results Items.*

- Respond fully to Item requirements.
  - – Does the response lack information on important parts of an Area to Address?

  Missing information is interpreted as a gap in approach and/or deployment. All Areas should be addressed and checked in final review. Individual components of an Area to Address may be addressed individually or together.

3. Cross-reference when appropriate.

Organizations should try to make each Item response self-contained. However, some responses to different Items might be mutually reinforcing. It is then appropriate to refer to other responses, rather than to repeat information. In such cases, applicants should use Area designators (for example, "see 4.3a").

4. Use a compact format.

Organizations should make the best use of the 50 application pages. Organizations are encouraged to use flow charts, tables, and "bulletized" presentation of information.

5. Refer to the Scoring Guidelines

The evaluation of Item responses is accomplished by consideration of the Criteria Item requirements and the maturity of the organization's approaches, breadth of deployment, and strength of the improvement process relative to the Scoring Guidelines. Therefore, organizations need to consider both the Criteria and the Scoring Guidelines in preparing responses.

Guidelines for Responding to Results Items

The Criteria place greatest emphasis on results. The following information, guidelines, and example relate to effective and complete reporting of results.

1. **Focus on the most critical organizational performance results.**

   Results reported should cover the most important requirements for organizational success, highlighted in the "Business Overview," and the Strategic Planning and Process Management Categories.

2. **Note the meaning of the four key requirements from the Scoring Guidelines for effective reporting of results data.**

   - trends to show directions of results and rates of change;
   - performance levels on a meaningful measurement scale;
   - comparisons to show how results compare with those of other, appropriately selected organizations; and
   - breadth of results to show that all important results are included.

3. **Include trend data covering actual periods for tracking trends.**

   Because of the importance of showing focus and deployment, new data should be included even if trends and comparisons are not yet well established. No minimum period of time is specified for trend data. Time periods might span five years or more for some results.

4. **Use a compact format — graphs and tables.**

   Many results can be reported compactly by using graphs and tables. Graphs and tables should be labeled for easy interpretation. Results over time or compared with others should be "normalized" — presented in a way (such as use of ratios) that takes into account various size factors. For example, reporting safety trends in terms of needle sticks per 100 staff members would be more meaningful than total needle sticks, if the staff size has varied over the time period.

5. **Integrate results into the body of the text.**

   Discussion of results and the results themselves should be close together in the application. Use figure numbers that correspond to Items. For example, the third figure for Item 7.2 would be 7.2-3. (See example on the figure shown to the right.)

The following graph illustrates data an organization might present as part of a response to Item 7.2, Health Care Results. In the "Business Overview," and in Items 3.1 and 6.1, the applicant has indicated decreasing the average length of stay as a key customer requirement and an indicator of health care service delivery effectiveness.

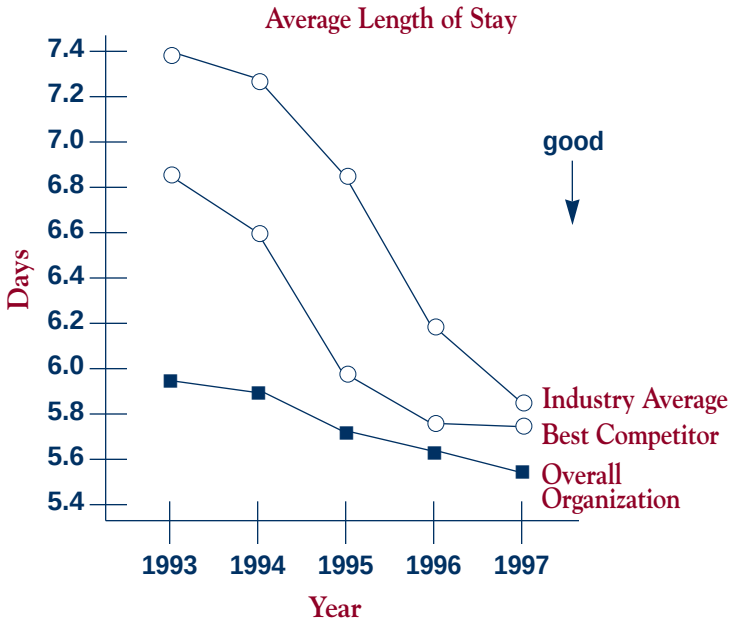


Figure 7.2-3 Average Length of Stay by Year

Using the graph, the following characteristics of clear and effective data presentation are illustrated:

- A figure number is provided for reference to the graph in the text.
- Both axes and units of measure are clearly labeled.
- Trend lines report data for a key customer requirement — average length of stay.
- Results are presented for several years.
- Appropriate comparisons are clearly shown.

To help interpret the Scoring Guidelines (page 36), the following comments on the graphed results would be appropriate:

- The current overall organizational performance level is excellent. This conclusion is supported by the comparison with the best competitors and with a health care industry average.
- The organization shows excellent improvement trends.

1998 HEALTH CARE CRITERIA: CORE VALUES, CONCEPTS, AND FRAMEWORK

Health Care Criteria Purposes

The Malcolm Baldrige Health Care Criteria for Performance Excellence are the basis for evaluating the improvement practices of health care organizations and for determining organizational strengths and opportunities for improvement. In addition, these Criteria have four other purposes:

- to help improve organizational performance practices and capabilities;
- to facilitate communication and sharing of best practices information within and among health care organizations of all types;
- to foster the development of partnerships and information sharing among health care organizations, businesses, schools, human service agencies, and other organizations; and
- to serve as a working tool for understanding and managing performance, planning, training, and assessment.

Health Care Criteria for Performance Excellence Goals

The Criteria are designed to help organizations improve their health care services and outcomes through focus on dual, results-oriented goals:

- delivery of ever-improving value to patients and other customers, contributing to improved health care quality; and
- improvement of overall organizational performance and capabilities as a health care provider.

Together, "patients and other customers" constitute the customers of the health care organization. "Patient" is a generic term used to indicate the person receiving health care. Other terms organizations use for patient include member, consumer, client, or resident. Other customers could include the patient's family, the community, the insurer/third-party payor, employers, health care providers, and health profession students.

Core Values and Concepts

The Health Care Criteria are built upon a set of core values and concepts. These values and concepts are the foundation for developing and integrating all requirements within a results-oriented framework. These core values and concepts are:

Patient-Focused Quality and Value

The delivery of health care services must be patient focused. Quality and value are the key components in determining patient satisfaction. All attributes of patient care delivery (including those not directly related to medical/clinical services) factor into the judgment of quality and value. Quality and value to patients are key considerations for other customers, as well. Quality and value are influenced by many factors during a patient's experience participating in health care. These factors include a clear understanding of likely health and functional status outcomes, as well as the patient's relationship with the health care provider and ancillary staff, cost, responsiveness, and continuing care and attention. For many patients, the ability to participate in making decisions on their health care is considered an important factor. This requires patient education for an informed decision. Characteristics that differentiate one provider from another also contribute to the patient's sense of quality.

Patient-focused quality and value are strategic concepts. They are directed toward obtaining and retaining patient loyalty, referral of new patients, and market share gain in competitive markets. Patient-focused quality and value demand constant sensitivity to emerging patient desires and health care marketplace requirements, and measurement of the factors that drive patient satisfaction. Patient-focused quality and value also demand awareness of new technology and new modalities for delivery of health care services.

Leadership

An organization's senior leaders (administrative and health care provider leaders) need to set directions and create a patient focus, clear and visible values, and high expectations. The directions, values, and expectations need to address all stakeholders. The leaders need to ensure the creation of strategies, systems, and methods for achieving excellence in health care and building knowledge and capabilities. The strategies and values should help guide activities and decisions of the organization. The senior leaders need to commit to the development of the entire staff and should encourage participation, learning, and innovation. Through their personal roles in planning, communication, review of organizational performance, and staff recognition, the senior leaders serve as role models, reinforcing the values and expectations, and building leadership and initiative throughout the organization.

Continuous Improvement and Learning

Achieving ever higher levels of organizational performance requires a well-executed approach to continuous improvement and learning. The term "continuous improvement" refers to both incremental and "breakthrough" improvement. The term "learning" refers to adaptation to change, leading to new goals and/or approaches. Improvement and learning need to be "embedded" in the way the organization operates. Embedded means improvement and learning: (1) are a regular part of daily work; (2) seek to eliminate problems at their source; and (3) are driven

by opportunities to do better, as well as by problems that must be corrected. Sources of improvement and learning include: staff ideas; patients' and other customers' input; successful practices of other organizations; benchmarking; and health care research findings.

Improvement and learning include: (1) enhancing value to patients through new and improved patient care services; (2) developing new health care opportunities; (3) reducing errors, defects, waste, and related costs; (4) responsiveness and cycle time performance; (5) productivity and effectiveness in the use of all resources; and (6) the organization's contributions and effectiveness in building community health and meeting its public responsibilities. Thus, improvement and learning are directed not only toward providing better health care services, but also toward being more responsive and efficient.

Valuing Staff

An organization's success depends increasingly on the knowledge, skills, participation, and motivation of its entire staff. Staff success depends on having opportunities to learn and to practice new skills. Organizations need to invest in the development of their staff through education, training, and opportunities for continuing growth. Opportunities might include classroom and on-the-job training, job rotation, and pay for demonstrated knowledge and skills. On-the-job training, when feasible, offers a cost effective way to train and to better link training to work processes. Staff education and training programs may use advanced technologies, such as computer-based learning and satellite broadcasts. Increasingly, training, education, development, and work units need to be tailored to a more diverse work force and to more flexible, high performance work practices.

For health care providers, development means building discipline knowledge, discipline retraining to adjust to a changing health care environment, and enhancing knowledge of measurement systems influencing outcomes assessments and clinical guidelines, decision trees, or critical paths.

Health care provider participation may include contributing to the development of new health care services, organizational policies, or cross-disciplinary processes that track the patient's experience (the health care delivery process), working in teams to improve the health care/administrative service interface, and working in teams to improve information systems and services. Increasingly, participation enhances systems thinking, patient focus, and cross-disciplinary cooperation.

Major challenges in the area of valuing staff include: (1) integration of human resource practices — selection, performance, recognition, training, and career advancement; and (2) alignment of human resource management with strategic change processes. Addressing these challenges requires use of staff-related data on knowledge, skills, satisfaction, motivation, safety, and well-being. Such data need to be tied to indicators of organizational or unit performance, such as patient/customer satisfaction, patient/customer loyalty and retention, and productivity. Through this approach, staff contributions may be better integrated and aligned with organizational directions.

Management by Fact

An effective health care service and administrative management system depends upon measurement and analysis of performance. Measurements must derive from and support the organization's strategy and provide critical data and information about key processes and services, and their outputs and results. Information and data needed for performance assessment and improvement are of many types, including: health care outcomes, staff, community health, epidemiological, critical pathways and practice guidelines, administrative, payor, cost, financial competitive comparisons, and customer satisfaction.

Analysis refers to extracting larger meaning from data to support evaluation and decision making at all levels within the organization. Analysis entails using data to determine trends, projections, and cause and effect — that might not be evident without analysis. Data and analysis support a variety of purposes, such as planning, reviewing performance, improving health care outcomes, improving operations, and comparing performance with competitors', similar health care organizations, or "best practices" benchmarks.

A major consideration in improving performance involves the creation and use of performance measures or indicators. Performance measures or indicators are measurable characteristics of health care services, processes, and organizational operations the organization uses to track and improve performance. *The measures or indicators should be selected to best represent the factors that lead to improved health care outcomes, improved operational and financial performance, and healthier people. A comprehensive set of measures or indicators tied to patient/customer and/or organizational performance requirements represents a clear basis for aligning all activities with the organization's goals.* Through the analysis of data from the tracking processes, the measures or indicators themselves may be evaluated and changed to better support the organization's goals. For example, measures selected to

track health care service quality may be judged by how well improvement in these measures correlates with improvement in patient satisfaction and health care outcomes.

Results Focus
An organization's performance measurements need to focus on key results. Results should be guided by and balanced by the interests of all stakeholders — patients, their families, staff, the community, payors, businesses, health profession students, suppliers and partners, stockholders, and the public. To meet the sometimes conflicting and changing aims that balance implies, organizational strategy needs to explicitly include all stakeholder requirements to help ensure that actions and plans meet differing stakeholder needs and avoid adverse impact on any stakeholders. The use of a balanced composite of performance measures offers an effective means to communicate short- and longer-term priorities, to monitor actual performance, and to marshal support for improving results.

From the point of view of overall organizational effectiveness and improvement, two areas of performance are particularly important: patient health care results, and the effectiveness and efficiency of the organization's use of all its resources (financial, technological, and human).

Public Responsibility and Community Health
A health care organization's leadership should serve as a role model in exercising public responsibility and fostering improved community health. Its leaders should stress the importance of activities in these areas.

A health care organization's public responsibilities include basic expectations, such as ethical practices, and protection of public safety and the environment. Ethical practices need to take into account proper use of public and private funds, nondiscriminatory hiring and patient treatment policies, and protection of patients' rights and privacy. Planning related to public safety and the environment should anticipate adverse impacts that may arise in facilities management, and use and disposal of radiation, chemicals, and biohazards. Plans should seek to prevent problems, to provide a forthright response if problems occur, and to make available information needed to maintain public confidence. Organizations should not only meet all local, state, and federal laws and regulatory requirements. They should treat these and related requirements as opportunities for continuous improvement "beyond mere compliance." This requires use of appropriate measures in managing performance.

Public health services and supporting the general health of the community are important citizenship responsibilities of health care organizations. Playing a leadership role in carrying out these responsibilities (within limits of an organization's resources) includes influencing other organizations, private and public, to partner for these purposes. For example, individual health care organizations could lead efforts to establish free clinics or indigent care programs, to increase public health awareness programs, or to foster neighborhood services for the elderly. A leadership role also could include helping to define regional or national health care issues for action by regional or national networks or associations.

Partnership Development
Organizations need to build internal and external partnerships to better accomplish their overall goals.

Internal partnerships might include those that promote cooperation between health care providers and other staff, agreements with unions, and cooperation among departments and/or work units. Agreements might entail staff development, cross-training, or new work organizations, such as high performance work teams. Internal partnerships also might involve creating relationships among units to improve flexibility, responsiveness, and knowledge sharing, and to develop processes that better follow patient care and needs.

External partnerships might include those with businesses, business associations, third-party payors, community and social service organizations, and other health care providers — all stakeholders. Partnerships with other health care organizations could result in referrals or in shared facilities that are either capital intensive or require unique and scarce expertise.

Internal and external partnerships should develop longer-term objectives, thereby creating a basis for mutual investments. Partners should address the key requirements for success, means of regular communication, approaches to evaluating progress, and means for adapting to changing conditions. In some cases, joint education and training could offer a cost-effective means to develop staff.

Design Quality and Prevention
Health care improvement needs to place very strong emphasis on enhancing health care value (addressing quality and cost factors). This places a heavy burden on the design of health care delivery systems, disease prevention programs, health promotion programs, and effective and efficient diagnostic and treatment systems. Overall design should include the opportunity to learn for continuous improvement and should value the individual needs of patients. Design also must include effective means for gauging improvement of health status — for patients and populations/communities. A central quality-related requirement of effective design is the inclusion of an assessment strategy. Such strategy needs to include

the acquisition of in-process information to allow beneficial changes in design at the earliest opportunity.

Long-Range View of the Future
Pursuit of health care improvement requires a strong future orientation and a willingness to make long-term commitments to key stakeholders — patients and families, staff, communities, employers, payors, and health profession students. Planning needs to anticipate many changes, such as changes in health care delivery systems, resource availability, patient and other stakeholder expectations, technological developments, evolving regulatory requirements, societal expectations, and new thrusts by competitors and other health care organizations providing similar services. Plans, strategies, and resource allocations need to reflect these commitments and changes. A major long-term investment associated with health care improvement is the investment in creating and sustaining an assessment system focused on health care outcomes. This entails becoming familiar with research findings and application of assessment methods. Education and training of staff are necessary components of developing an outcomes measurement system.

Fast Response
An increasingly important measure of organizational effectiveness is faster and more flexible response to the needs of patients and other customers. Many organizations are learning that explicit focus on and measurement of response times help to drive the simplification of work units and work processes. There are other important benefits derived from this focus: time improvements often drive simultaneous improvements in organization, quality, and productivity. Hence it is beneficial to integrate response time, quality, and productivity objectives.

Health Care Criteria for Performance Excellence Framework

The core values and concepts are embodied in seven Categories, as follows:

1 **Leadership**
2 **Strategic Planning**
3 **Focus on Patients, Other Customers, and Markets**
4 **Information and Analysis**
5 **Staff Focus**
6 **Process Management**
7 **Organizational Performance Results**

The framework connecting and integrating the Categories is given in the figure below.

The framework has three basic elements, from top to bottom:

Strategy and Action Plans

Strategy and Action Plans are the set of patient/customer and health care market focused, organizational-level requirements, derived from short- and long-term strategic planning, that must be done well for the organization's strategy to succeed. Strategy and Action Plans guide overall resource decisions and drive the alignment of measures for all work units to ensure patient/customer satisfaction and market success.

System

The system is comprised of the six Baldrige Categories in the center of the figure that define the organization, its operations, and its results.

Leadership (Category 1), Strategic Planning (Category 2), and Focus on Patients, Other Customers, and Markets (Category 3) represent the leadership triad. These Categories are placed together to emphasize the importance of a leadership focus on strategy and patients/customers. Senior leaders must set organizational direction and seek future opportunities for the organization. If the leadership is not focused on patients/customers, the organization as a whole will lack that focus.

Staff Focus (Category 5), Process Management (Category 6), and Organizational Performance Results (Category 7) represent the results triad. An organization's staff and its key processes accomplish the work of the organization that yields its performance results.

All organizational actions point toward Organizational Performance Results — a composite of patient/customer, health care, financial, and non-financial performance results, including staff results and public responsibility.

The large arrow in the center of the framework links the leadership triad to the results triad, a linkage critical to organizational success. Furthermore, the arrow indicates the central relationship between Leadership (Category 1) and Organizational Performance Results (Category 7). Leadership must keep its eyes on the performance results and must learn from them to drive improvement.

Information and Analysis

Information and Analysis (Category 4) is critical to the effective management of the organization and to a fact-based system for improving health care and operational performance. Information and analysis serve as a foundation for the performance management system.

Criteria Structure

The seven Criteria Categories shown in the figure are subdivided into Items and Areas to Address:

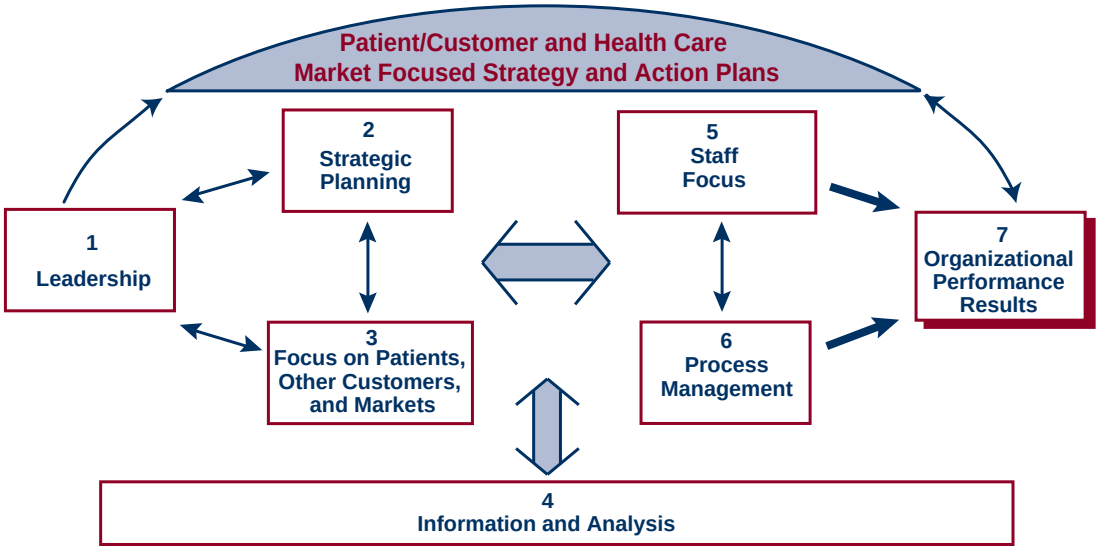
Items

There are 19 Items, each focusing on a major requirement. Item titles and point values are given on page 2. The Item format is shown on page 38.

Areas to Address

Items consist of one or more Areas to Address (Areas). Information is prepared by Criteria users in response to the specific requirements of these Areas.

BALDRIGE HEALTH CARE CRITERIA FOR PERFORMANCE EXCELLENCE FRAMEWORK
A Systems Perspective



KEY CHARACTERISTICS OF THE HEALTH CARE CRITERIA

1. The Criteria focus on organizational performance results.
The Criteria focus on the key areas of organizational performance, given below.

> Organizational performance results are a composite of:
> (1) health care results;
> (2) patient satisfaction/loyalty;
> (3) other customer satisfaction/retention;
> (4) financial and health care marketplace performance;
> (5) operational effectiveness, including productivity and responsiveness;
> (6) staff performance/development; and
> (7) public responsibility and community health.

These results cover overall organizational performance, and also recognize the importance of suppliers and accreditation results, as appropriate.

The use of a composite of indicators helps to ensure that strategies are balanced — that they do not inappropriately trade off among important stakeholders or objectives or between short- and long-term goals.

2. The Criteria are nonprescriptive and adaptable.
The Criteria are made up of results-oriented requirements. However, the Criteria *do not* prescribe:

- specific tools, techniques, technologies, systems, measures, or starting points;
- that organizations should or should not have departments for quality, planning, or other functions;
- how the organization itself should be organized; or
- that different units in organizations should be managed in the same way.

These factors are important and are very likely to change as needs and strategies evolve. Hence, the Criteria do emphasize that such factors be evaluated as part of the organization's performance reviews.

The Criteria are nonprescriptive because:

(1) The focus is on results, not on procedures, tools, or organizations. Health care organizations are encouraged to develop and *demonstrate* creative, adaptive, and flexible approaches to meeting basic requirements. Nonprescriptive requirements are intended to foster incremental and major ("breakthrough") improvement as well as basic change.

(2) Selection of tools, techniques, systems, and organizations usually depends upon factors such as organizational size and type, the organization's stage of development, and staff capabilities and responsibilities.

(3) Focus on common requirements within an organization, rather than on common procedures, fosters better understanding, communication, sharing, and alignment, while supporting creativity and diversity in approaches.

3. The Criteria support a systems approach to maintaining organizationwide goal alignment.
The systems approach to goal alignment is embedded in the integrated structure of the Criteria and the results-oriented, cause-effect linkages among the Criteria Items.

Alignment in the Criteria is built around connecting and reinforcing measures, derived from the organization's strategy. These measures tie directly to patient/customer value and to overall performance. The use of measures thus channels different activities in consistent directions without the need for detailed procedures or centralization of decision making or process management. Measures thus serve both as a communications tool and a basis for deploying consistent overall performance requirements. Such alignment, then, ensures consistency of purpose, while at the same time supporting speed, innovation, and decentralized decision making.

A systems approach to goal alignment, particularly when strategy and goals change over time, requires dynamic linkages among Criteria Items. In the Criteria, action-oriented learning takes place via feedback between processes and results through cycles of learning.

The learning cycles have four, clearly defined stages:

(1) planning, including design of processes, selection of measures, and deployment of requirements;

(2) execution of plans;

(3) assessment of progress, taking into account internal and external results; and

(4) revision of plans based upon assessment findings, learning, new inputs, and new requirements.

4. The Criteria support goal-based diagnosis.
The Criteria and the Scoring Guidelines make up a two-part diagnostic (assessment) system. The Criteria are a set of 19 performance-oriented requirements. The Scoring Guidelines spell out the assessment dimensions — Approach, Deployment, and Results — and the key factors used to assess against each dimension. An assessment thus provides a profile of strengths and opportunities for improvement relative to the 19 basic requirements. In this way, assessment leads to actions that contribute to the results composite described in the box above. This diagnostic assessment is thus a useful management tool that goes beyond most performance reviews and is applicable to a wide range of strategies and management systems.

INTEGRATION OF KEY HEALTH CARE THEMES

The adaptation of the Baldrige Criteria to health care requires an explanation of how several important concepts are addressed throughout the Health Care Criteria:

Mission Specificity

Although health care organizations share common aims, individual organizational missions, roles, and services vary greatly. Use of a single set of criteria to cover all requirements of all organizations means that these requirements need to be interpreted in terms of specific organizational missions. That is, specific requirements and key drivers of organizational performance differ from organization to organization. For this reason, effective use of the Criteria depends upon "personalizing" requirements consistently across the seven categories of the Criteria framework. In particular, the Strategic Planning Category (Category 2) needs to address all key mission requirements, setting the stage for the interpretation of all the other requirements. Similarly, results reported in the Organizational Performance Results Category (Category 7) need to reflect results consistent with the organization's mission and strategic objectives.

The Health Care Criteria are most explicit in the area of delivery of health care, as this requirement is common to all organizations, regardless of specific mission. Despite this commonality, the focus of health care services and service development does depend upon organizational mission. For example, the results reported by hospitals, HMOs, and home health care agencies would be expected to differ and to reflect each organization's mission. Nevertheless, all three types of organizations would be expected to show year-on-year improvements in their results to demonstrate the effectiveness of their quality improvement efforts.

It is recognized that some, but not all, health care organizations have a significant research and/or teaching commitment as part of their mission. These activities have been noted, as part of process management and operational performance results.

Customers

The Baldrige Criteria for business use the generic term "customers" to reflect the buyers of products or services. Although marketplace success depends heavily upon buyer preference, setting organizational requirements needs to consider other stakeholders as well. Successful operation of an organization may depend upon satisfying environmental, legal, and other requirements. Thus, meaningful criteria need to incorporate all relevant requirements that organizations must meet to be successful.

Health care organizations also must respond to a variety of requirements, all of which need to be incorporated into the Health Care Criteria. The adaptation of the business Criteria to health care poses alternative approaches for defining key requirements. The approach selected seeks to distinguish between patients and other customers for purposes of clarity and emphasis. While not further differentiated from other customers in Category 3, the community (as a customer) receives special attention in Item 1.2. This has been done because health care organizations have a particularly strong sense of public responsibility, and role model behavior should include health care services to the organization's community, regardless of how the organization defines its community.

Physicians, nurse practitioners, midwives, psychologists, and other health care providers may play a unique "staff" role as providers of health care and also may have relationships as suppliers to the organization and customers of the organization. The Criteria are intentionally designed to be tolerant of these varying relationships and to allow organizations to respond based on their specific structure.

Customers' requirements are of two types: (1) requirements that need to be reflected in the organization's health care services; and (2) the customers' own requirements. For example, payors might require certain health screening services (e.g., mammography) for their members (type 1), and certain computerized billing services for reimbursement (type 2). Many of the needs of the non-patient customers are needs that must be addressed in the organization's health care services. Therefore, the Health Care Criteria place primary emphasis on the delivery of health care.

Primary Focus on Health Care

Although the Criteria framework is intended to address all organizational requirements, primary emphasis is placed on health care. This is done for two main reasons:

(1) Improvement of health status is the universal goal of all health care organizations. Thus, sharing of health care strategies and methods would have the greatest impact on the Nation's health care systems.

(2) Those who encourage the creation of a Baldrige Award Category for health care cite improvement in health care quality as their primary or only rationale for such an award.

The Criteria focus on the performance of the organization as a health care provider, but also address the organization's administrative and business operations. This separate attention to health care and administration is not intended to imply that these are independent or unrelated aspects of the organization's performance. Rather, the intent is to ensure that all aspects of the organization's performance are considered, discussed, and integrated.

Systems Concept

The systems concept is reflected in the integrated structure of the Criteria. The structure consists of the seven categories with Category Items listed beneath the Category titles. The integrated structure of the Criteria consists of the numerous direct linkages between the Categories and Items as depicted in the diagram on page 45. Such linkages are intended to ensure alignment and integration of the overall requirements. The Criteria stress cause-effect thinking and a process orientation. The intent is to accumulate a body of knowledge to help the organization learn and improve from that learning. One of the main elements in the systems approach is the set of measures and/or indicators used. Such measures and indicators link key strategies, processes, and results.

Staff

The Baldrige Criteria for business use the generic term "employees" for those on the organization's payroll responsible for all aspects of product and service development and delivery. These Criteria place great emphasis upon employees as a primary strategic resource whose interests, satisfaction, motivation, and development are important to an organization's success.

These same themes are central to success in health care and are thus emphasized in the Health Care Criteria, beginning with the Core Values and Concepts described above. In the Criteria, the staff of health care organizations include health care providers, and administrative and support staff. It is recognized that health care providers are sometimes, but not always, employees of the organization. Nevertheless, health care providers, as key providers of the organization's health care services, are considered staff for the purposes of the Criteria to focus on the necessity of including their roles and responsibilities in discussing organizational leadership and human resources. The Health Care Criteria anticipate that all staff are integrated into the organization's management system and contribute to fulfilling the organization's mission.

Support Processes

Most health care organizations carry out a wide variety of activities that directly and indirectly support and/or impact the overall organizational mission and operation, but that are not themselves primarily patient or health care. Examples include information services, facilities management, security, billing, and purchasing. Such activities are addressed in the Health Care Criteria as support processes. In general, there are two types of requirements such processes need to address in an integrated way: (1) requirements of key stakeholders such as patients, staff, and payors; and (2) effective and efficient use of resources. The Health Care Criteria require that each process address both types of requirements.

HOW TO ORDER COPIES OF 1998 BALDRIGE MATERIALS

Note: If you are planning to apply for the Award, you will also need the ***1998 Application Forms & Instructions*** in addition to the Business Criteria booklet.

Individual Orders

Individual copies of the Criteria booklets and the Application Forms & Instructions can be obtained free of charge from:

National Institute of Standards and Technology
National Quality Program
Route 270 and Quince Orchard Road
Administration Building, Room A635
Gaithersburg, MD 20899-0001
Telephone: (301) 975-2036
Fax: (301) 948-3716
E-mail: nqp@nist.gov

Bulk Orders

Multiple copies of the ***1998 Criteria for Performance Excellence*** booklets may be ordered in packets of 10 for $29.95 plus shipping and handling from the American Society for Quality (ASQ).

1998 Business Criteria — Item Number T1077

Multiple copies of the **1998 Education and Health Care Criteria for Performance Excellence** booklets may be ordered in packets of 10 for $7.28 per packet plus shipping and handling from ASQ.

1998 Education Criteria — Item Number T1037
1998 Health Care Criteria — Item Number T1038

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**If actual shipping charges exceed $12.50 ($17.50 Canadian), ASQ will invoice the customer for additional expense.*

HOW TO ORDER BALDRIGE EDUCATIONAL MATERIALS

Each year, the Baldrige Program develops materials for use in training members of the Board of Examiners, and for sharing information on the successful quality strategies of the Award recipients. The items listed below are a sample of the educational materials that may be ordered from ASQ.

Case Studies

The case studies are used to prepare Examiners for the interpretation of the Criteria and the Scoring System. The case studies, when used with the Criteria, illustrate the Award application and review process. The case study packet is illustrative of an application for the Baldrige Award and is useful in understanding the benefits of the Baldrige process, as well as for self-assessment, planning, training, and other uses.

1997 Business Case Study Packet: Gateway Estate Lawn Equipment Company *(Based on the 1997 Criteria for Performance Excellence)*

Item Number T1039: $49.95 plus shipping and handling

Education Case Study Packet: Ridgecrest School District *(Based on the 1995 Education Pilot Criteria)*

Item Number T1023: $7.28 plus shipping and handling

Health Care Case Study Packet: Pinnacle Health Plan *(Based on the 1995 Health Care Pilot Criteria)*

Item Number T1029: $7.28 plus shipping and handling

Award Winners Videos

The Award winners videos are a valuable resource for gaining a better understanding of performance excellence and quality achievement. The videos provide background information on the Baldrige Program, highlights from the annual Award ceremony, and interviews with representatives from the winning companies. Information on the 1997 Award winners video is provided below. Videos about Award winners from other years also are available from ASQ.

1997 — Item Number T1042 $ 20.00
(Available February 1998)

How to Order

To order a Case Study Packet (Gateway Estate Lawn Equipment Company, Ridgecrest School District, or Pinnacle Health Plan), bulk orders of the 1998 Criteria booklet, or the Award winners videos, contact:

ASQ Customer Service Department
P.O. Box 3066
Milwaukee, WI 53201-3066
Telephone: (800) 248-1946
Fax: (414) 272-1734
E-mail: asq@asq.org
Web Address: http://www.asq.org

QUEST FOR EXCELLENCE X CONFERENCE

Each year, Quest for Excellence, the official conference of the Malcolm Baldrige National Quality Award, provides a forum for worldwide business leaders to hear and question Baldrige Award recipients. Quest for Excellence X will showcase the 1997 winners.

For the last nine years, business executives and quality leaders have come to this conference to hear about the journeys to business excellence and the exceptional business practices of award-winning companies. Presentations will be made by the CEOs and others in the 1997 winning companies who are transforming their organizations. A special session is planned to highlight the accomplishments of winners over the first ten years of the Program. These presentations will cover all seven Categories of the Criteria: Leadership; Strategic Planning; Customer and Market Focus; Information and Analysis; Human Resource Development and Management; Process Management; and Business Results. This three-day conference is designed to maximize learning and networking opportunities with attendees from around the world.

The Conference dates are February 8-11, 1998, including a 10th Anniversary Gala to be held Sunday evening, February 8. The Conference will be held at the Washington Hilton and Towers, in Washington, DC. For further information, contact NIST, National Quality Program, Administration Building, Room A635, Gaithersburg, MD 20899-0001; telephone (301) 975-2036; fax (301) 948-3716; or E-mail: nqp@nist.gov.

Requests for registration information should be directed to ASQ; telephone (800) 248-1946 or fax (414) 272-1734.

NOTES

NOTES

The National Quality Program welcomes your comments on the Criteria or any of the Award processes. Please address your comments to:

1998 Health Care Criteria for Performance Excellence
National Institute of Standards and Technology
National Quality Program
Administration Building, Room A635
Gaithersburg, MD 20899-0001

or

E-mail: nqp@nist.gov

or

Web Address: http://www.quality.nist.gov

THE MALCOLM BALDRIGE NATIONAL QUALITY IMPROVEMENT ACT OF 1987 – PUBLIC LAW 100-107

The Malcolm Baldrige National Quality Award was created by Public Law 100-107, signed into law on August 20, 1987. The Award Program, responsive to the purposes of Public Law 100-107, led to the creation of a new public-private partnership. Principal support for the program comes from the Foundation for the Malcolm Baldrige National Quality Award, established in 1988.

The Award is named for Malcolm Baldrige, who served as Secretary of Commerce from 1981 until his death in 1987. His managerial excellence contributed to long-term improvement in efficiency and effectiveness of government.

The Findings and Purposes Section of Public Law 100-107 states that:

"1. the leadership of the United States in product and process quality has been challenged strongly (and sometimes successfully) by foreign competition, and our Nation's productivity growth has improved less than our competitors' over the last two decades.

2. American business and industry are beginning to understand that poor quality costs companies as much as 20 percent of sales revenues nationally and that improved quality of goods and services goes hand in hand with improved productivity, lower costs, and increased profitability.

3. strategic planning for quality and quality improvement programs, through a commitment to excellence in manufacturing and services, are becoming more and more essential to the well-being of our Nation's economy and our ability to compete effectively in the global marketplace.

4. improved management understanding of the factory floor, worker involvement in quality, and greater emphasis on statistical process control can lead to dramatic improvements in the cost and quality of manufactured products.

5. the concept of quality improvement is directly applicable to small companies as well as large, to service industries as well as manufacturing, and to the public sector as well as private enterprise.

6. in order to be successful, quality improvement programs must be management-led and customer-oriented, and this may require fundamental changes in the way companies and agencies do business.

7. several major industrial nations have successfully coupled rigorous private-sector quality audits with national awards giving special recognition to those enterprises the audits identify as the very best; and

8. a national quality award program of this kind in the United States would help improve quality and productivity by:

   A. helping to stimulate American companies to improve quality and productivity for the pride of recognition while obtaining a competitive edge through increased profits;

   B. recognizing the achievements of those companies that improve the quality of their goods and services and providing an example to others;

   C. establishing guidelines and criteria that can be used by business, industrial, governmental, and other organizations in evaluating their own quality improvement efforts; and

   D. providing specific guidance for other American organizations that wish to learn how to manage for high quality by making available detailed information on how winning organizations were able to change their cultures and achieve eminence."

The Malcolm Baldrige National Quality Award

United States Department of Commerce
Technology Administration
National Institute of Standards and Technology
National Quality Program
Route 270 and Quince Orchard Road
Administration Building, Room A635
Gaithersburg, MD 20899-0001

The National Institute of Standards and Technology (NIST) is a non-regulatory federal agency within the Commerce Department's Technology Administration. NIST's primary mission is to promote economic growth by working with industry to develop and apply technology, measurements, and standards. The National Quality Program at NIST manages the Malcolm Baldrige National Quality Award Program.

Call NIST for:

- information about the Criteria for Performance Excellence
- information on the Baldrige Award and eligibility requirements
- information on the content of Baldrige Award documents
- individual copies of the Criteria (no cost)
- Application Forms & Instructions (no cost)
- Examiner applications (no cost)

Telephone: (301) 975-2036; Fax: (301) 948-3716; E-mail: nqp@nist.gov
Web Address: http://www.quality.nist.gov

American Society for Quality
611 East Wisconsin Avenue
P.O. Box 3005
Milwaukee, WI 53201-3005

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